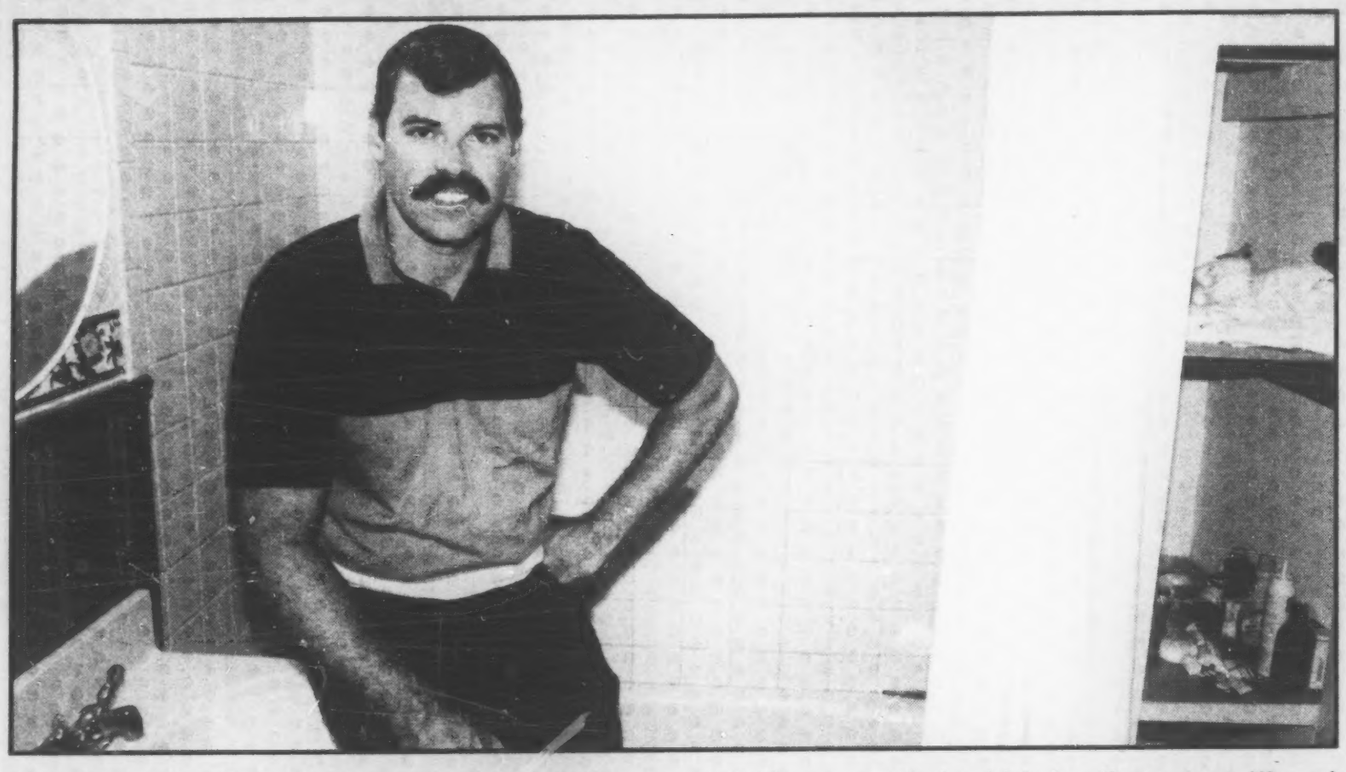
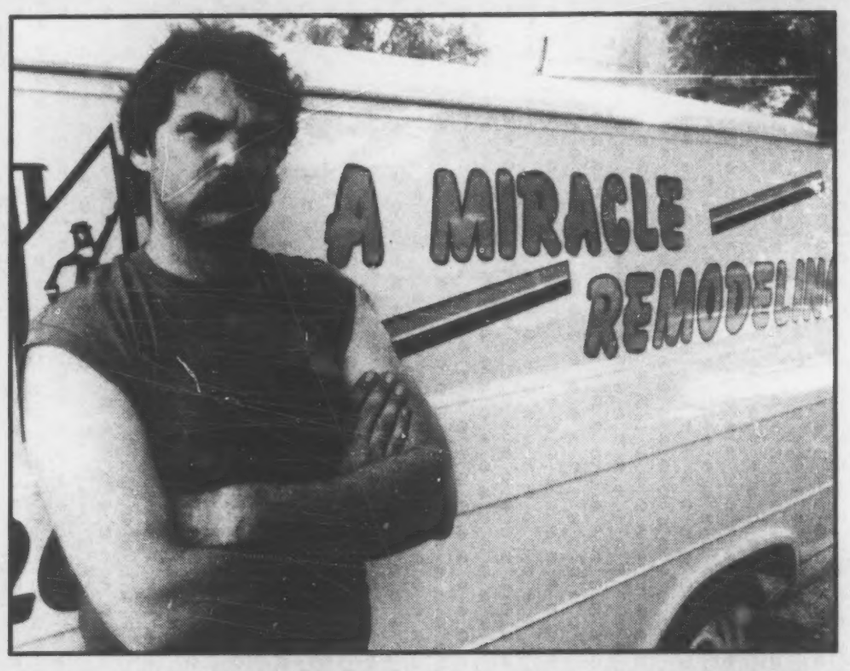
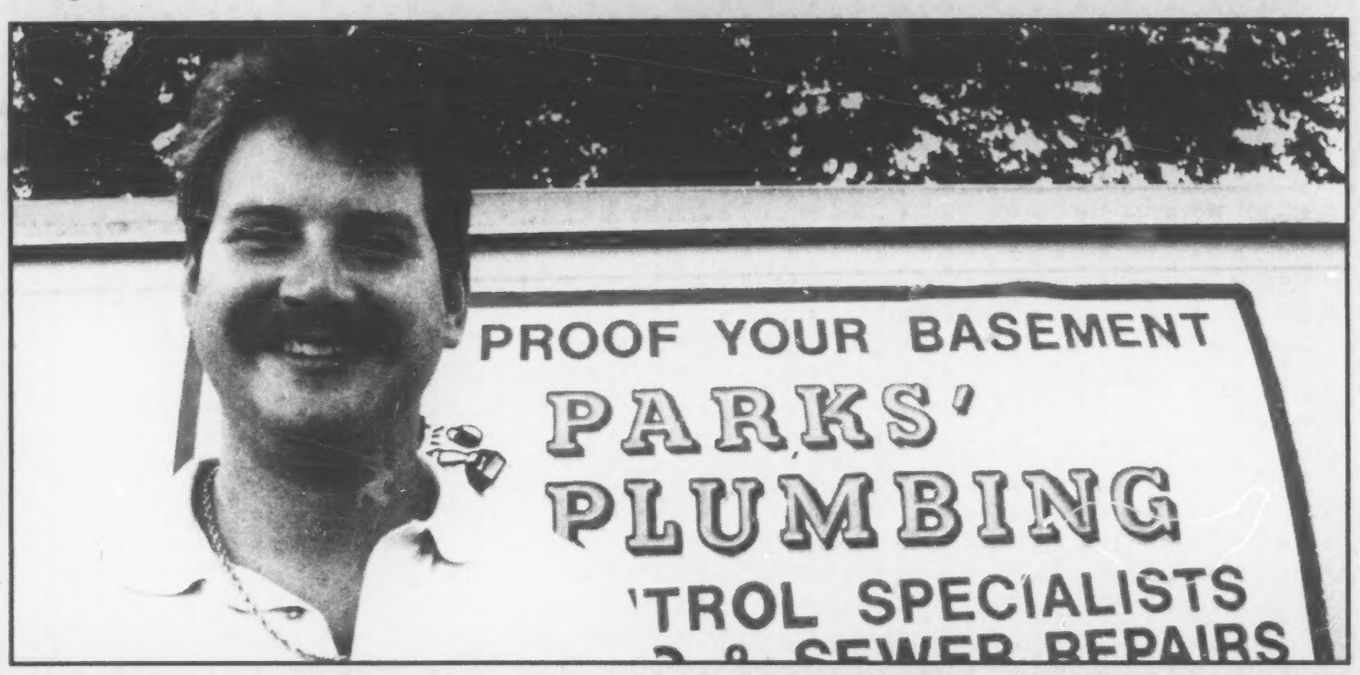


Bob Tansey, a homeowner living in River Forest, Ill., remodeled his bathroom without any professional help, and he spoke for the army of DIYers in his proclamation that he "liked" completing a difficult project. "I would do it again." NHCN photo




Carpentry contractor Tony Urbanowski expressed a distrust of homeowners shared by other remodelers. "They are out to get you. They want it done by next week or last week. They want it done for $50. Once you are under contract, if there are any problems you are in trouble." NHCN photo

Joan Dardis is a special education school secretary in Glencoe, Ill., who isn't afraid to call on contractors, but questioned their reliability. "They don't show up. I'm amazed. They would say 'I'll meet you at this time.' And then they would not show. I'm talking about a roof that cost $6,000. It was like nobody needed the work." NHCN photo




Jeff Parks, a Chicago plumbing contractor, questioned DIYers' ability to complete a job, disparaged home improvement books that make the project look easier than it is, and ripped into the quality of products sold in home centers. "I try to explain it 's all plastic," he said of a faucet sold at a local warehouse unit. "It 's going to fall apart. I'm not warranting it. So of I put it in and then it doesn't work, you have to pay me to take it out." NHCN photo

# Consumers often see contractors as choice of last resort for projects

*By an NHCN staff editor*

Given the conviction of some people towards doing a project themselves, it comes as no surprise that they resist using contractors except as a last resort.

One of the reasons for this is that people simply like their own work better. More than three out of five respondents to the study said they were "completely satisfied" with the last project they did; that satisfaction level drops to 42 percent when the job had been done by a remodeler.

Consumers aren't suggesting that they know more than contractors, or are more skillful. They do feel, however, that they can learn to master any project that needs to be done around their homes. Indeed, some homeowners will use contractors as unwitting "consultants" before they conduct their own project.

"If I want to do a job, let's say, paint my house, I'll call up several contractors and get estimates," said one focus group participant. "While they are there I go around with them. I listen to what they're saying. I figure out the prices and what they are going to charge me.

"A couple more [contractors] go through and I say 'fine.' I say to my wife 'honey, go buy this much paint. I'll go to the hardware store. I'm going to rent this thing that has 250,000 [pounds of] pressure [to remove old paint.]' Then you get there, do everything they say, except the price is different."

Many homeowners thought dealing with contractors was more of a hassle than they cared to encounter. Part of that stems from the difficulty some people faced trying to find someone to do the job. One focus group respondent thought contractors generally took on more jobs than they

*(Continued on page 22)*

## How Satisfied Were You With Your Last Project?

(Rated on a nine-point scale)

| | Last Project/Repair Done DIY | Contractor |
|---|---|---|
| Completely Satisfied (9) | 61% | 42% |
| Satisfied (6-8) | 30 | 49 |
| Not Satisfied (1-5) | 9 | 9 |

Source: Leo J. Shapiro & Associates for *NHCN*

More than three-fifths of those homeowners surveyed said they were "completely satisfied" with the last project they did themselves. But that drops to only 42 percent for jobs done by contractors.

## Five Projects: Satisfaction When Done by Contractor and DIY

(Percent completely satisfied)

| Last Project | DIY | Contractor |
|---|---|---|
| Decorating | 60% | 31% |
| Room Addition or Remodeling | 57 | 38 |
| Repair | 60 | 53 |
| Structural (roof, windows, siding) | 67 | 50 |
| Other (landscaping, plumbing, garages) | 59 | 34 |

Source: Leo J. Shapiro & Associates for *NHCN*

This self pride in one's own accomplishments extends even to more complex projects like roofing and siding. Homeowners aren't saying they're more competent than contractors here; just that they like their own work better.

## Methodology used in NHCN consumer study

"The Shadow Market: Contractors and their Customers" is a new study conducted for *National Home Center News* by the Chicago marketing research firm Leo J. Shapiro & Associates.

The source of the original data is culled from interviews with more than 1,100 households. Part of the survey covers the 450 interviews done by telephone with homeowners nationwide; the second survey was conducted with 695 homeowners in four markets: Chicago; Phoenix, Ariz.; Columbus, Ohio; and Philadelphia.

These homeowners were asked about 22 commonly done projects around the home, ranging from painting a room to installing a new roof.

In addition, focus groups of urban and suburban homeowners as well as a separate group of contractors, were interviewed in Chicago. The direct quotes used in the stories appearing in this issue are from these focus group sessions.

# Perspectives

**consumer attitude study**

## Contractors express doubts about DIYing

*By an NHCN staff editor*

The disdainful attitude consumers take towards contractors is more than countered by the ill will remodelers have for most of their clients.

"The contractors all subscribe to the dictum that the customer is always wrong," said Rosenbaum of Leo J. Shapiro. Interviews with contractors in Chicago bore this out.

They believe they are called in many times to do damage control of projects that were initiated by "inept" homeowners; up to 15 percent of jobs these remodelers take on had been started by DIYers.

"I think the do-it-yourself market is expanding and increasing," conceded one remodeler. "But it has its limitations, too. There are so many times that you watch the commercials and Time/Life [which publishes a series of DIY books] says 'With this plumbing book, this makes the plumber disappear.' Well that's about as big a joke as it gets."

Another contractor disparaged the way these self-help books made jobs look easier than they actually were, and therefore deluded consumers into believing they didn't need any professional help.

That remodelers believe most homeowners are incompetent when it comes to home improvement isn't all that remarkable, given the fact that the expansion of homeowners' DIY activity cuts into remodelers' business.

But that they believe homeowners have become more ruthless in their dealings with remodelers was unnerving. "They are out to get you," exclaimed one Chicago remodeler. "They don't care if they hurt you. They want it done by next week or last week. They want it done for $50. Once you are under contract, if there are any problems, you are in trouble."

A lot of this animosity comes from the kibbutzing contractors get about home improvement projects from homeowners. The remodelers expressed consternation that they were, on one hand, being monitored by the homeowner and, on the other hand, being told what to do by dilettante DIYers.

"I would rather be with somebody who doesn't know nothing [*sic*]," said one contractor. "I want them in the other room watching TV, not standing behind me and watching me. They're watching everything you do. They start to tell you and point to how you are supposed to do your job. I just want to put back my tools and go home."

This depiction appears to be accurate, as even homeowners confess to being suspicious of contractors to the point of distraction. One woman homeowner told a focus group of her husband, a skilled DIYer, who, when contractors are called in for a job, "stands there and tells them 'you are doing this wrong.' Sometimes I'm kind of worried they are going to hit him."

## Homeowners find contractors a necessity despite convictions

*By an NHCN staff editor*

Even though homeowners dread the prospect of using contractors, they realize they are dependent on them occasionally. Only 6 percent of homeowners living in the four markets surveyed for this study said absolutely they would not use a contractor for a remodeling project and 35 percent thought they'd use professionals for at least half the projects they attempted.

This "can't live with them, can't live without them" mindset is manifest by the statistic showing that, nationally, one quarter of all homeowners surveyed used a contractor on the last project they did.

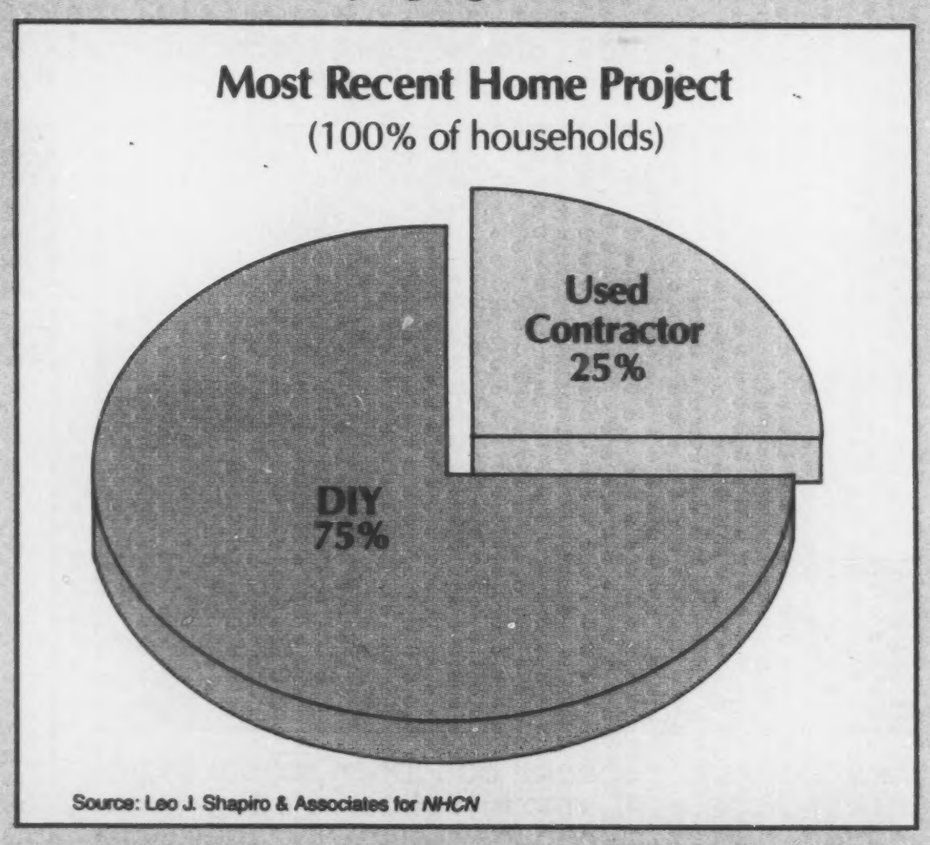
Many times, contractors are called in because homeowners just don't have the time to complete a complicated job. "They are trying to save money," said one Chicago remodeler when asked why homeowners conduct projects themselves. "But [they] spend so much time trying to get it right. Then you don't know what you're getting. You are going back to the hardware store all the time. They get to the point where frustration sets in. They then say 'Well, I've got to call a contractor.' "

The time element also leaves many jobs undone that need to be picked up by a professional. One homeowner recalled getting her husband to retile the bathroom. To protect the shower wall, he put up a plastic bag. "Three years later, we still have that bag there. So two weeks ago I said 'I'm calling the tile man,' which we did."

As this woman's comments reveal, the decision to use a contractor is often made to maintain some semblance of family harmony that has been disrupted by a discordant do-it-yourself work site that seems to last forever.

"When my husband starts a job, I think to myself 'dear God, this isn't possible. He's not really doing it,' " said another female participant in the Chicago focus groups about her spouse, whom she said was quite handy around the home. "And he does it: it takes a week, two weeks, and sometimes he gets 94½ percent done. That last little bit he can't find the time for it. One day I blew up and went nuts."

A contractor was called in to complete the homeowner's project.




**While hiring a contractor is a kind of admission of defeat for some DIYers, the fact is that, among those interviewed in four metro markets, contractors are called in on one quarter of the jobs undertaken by the homeowner.**

## Consumers view contractors as the choice of last resort

*(Continued from page 21)*

could handle and gave short shrift to all of them.

And a woman homeowner recounted that "my problem is that [contractors] don't show up. I'm amazed. I've had things that really had to be done. They would say 'I'll meet you at this time.' And then they would not show. I'm talking about a roof that cost $6,000. It was like nobody needed the work."

Consumers' anxieties about using contractors are heightened by the horror stories they've either experienced themselves or have heard of from other homeowners. These are articulated in the form of black humor or resignation, such as the following tale retold by a homeowner:

"We needed a new roof, so we had the roofer come in. He got the job started, and there was a big hole in the roof because it was being fixed.

"Friday morning, the guys looked up and said 'Oh, it looks like rain,' so they left and said they would be back tomorrow and finish it.

"Of course, they didn't cover the hole in the roof. You wouldn't believe it: all the plaster on the second floor fell and it was terrible. It cost us $15,000 to fix it."

### Plans to use Contractor
(22 common projects*)

| | |
|---|---|
| All Households | 100% |
| No Projects Using Contractor | 6 |
| All Projects Using Contractor | 4 |
| Some DIY and Some Contractor | 90 |
| – ¼ by contractor | 24 |
| ¼-½ by contractor | 31 |
| ½+ by contractor | 35 |

*Paint a room, install a kitchen counter or cabinets, lay a new floor, install a new faucet, put up a new ceiling, replace windows, build a deck, install a light fixture, refinish a basement or family room, install a door knob or lock, panel a room, install a sink/bathtub, put up a fence, add a room, do new landscaping, rewire a room, put in a patio, paint the trim or exterior of house, install insulation, hang book or wall shelves, install new roof, tile bathroom walls or floors.

Source: Leo J. Shapiro & Associates for NHCN

**While homeowners are disposed to complete jobs on their own, only a small number said they would rule out using remodelers ever, and more than one-third said that contractors have done at least half of their projects.**

## BIYers want to retain control over remodel projects

*By an NHCN staff editor*

Homeowners might dread the thought of hiring a contractor, and the distrust and tension between homeowners and remodelers may be thick enough to cut with a knife.

But even though employment of contractors being a necessity for certain projects, consumers want to retain a level of control over home improvement project being done. Oftentimes, that means controlling the purchase of materials used and/or the decision about where they are bought.

Contractors are called in by homeowners for one in every four projects, according to the *NHCN*-Shapiro study. And a full 35 percent of the materials and supplies used for these contractor jobs are purchased by the homeowner; i.e., while he or she may not be a DIYer in this instance, each holds onto the power of buying it himself.

This finding was confirmed by interviews with Chicago contractors, one of whom estimated that one quarter of his clients offer to buy materials "because they think that we are jacking up the price totally."

Even when the contractor "controls" the buying, 9 percent of those purchases are in stores that are designated specifically by the homeowner. In other words, the homeowner maintains some level of project management—in the form of buying it themselves or directing the contractor to the supply outlet—for 44 percent of all material purchases made. These dollars, in effect, "shadow" the DIY market.

*(Continued on page 26)*

# Perspectives

**consumer attitude study**

# BIYers want to retain control over remodel projects

*(Continued from page 22)*

"It's interesting to speculate what a delivery service might do to this equation," said Shapiro's Rosenbaum, "because we found that contractors don't always follow orders."

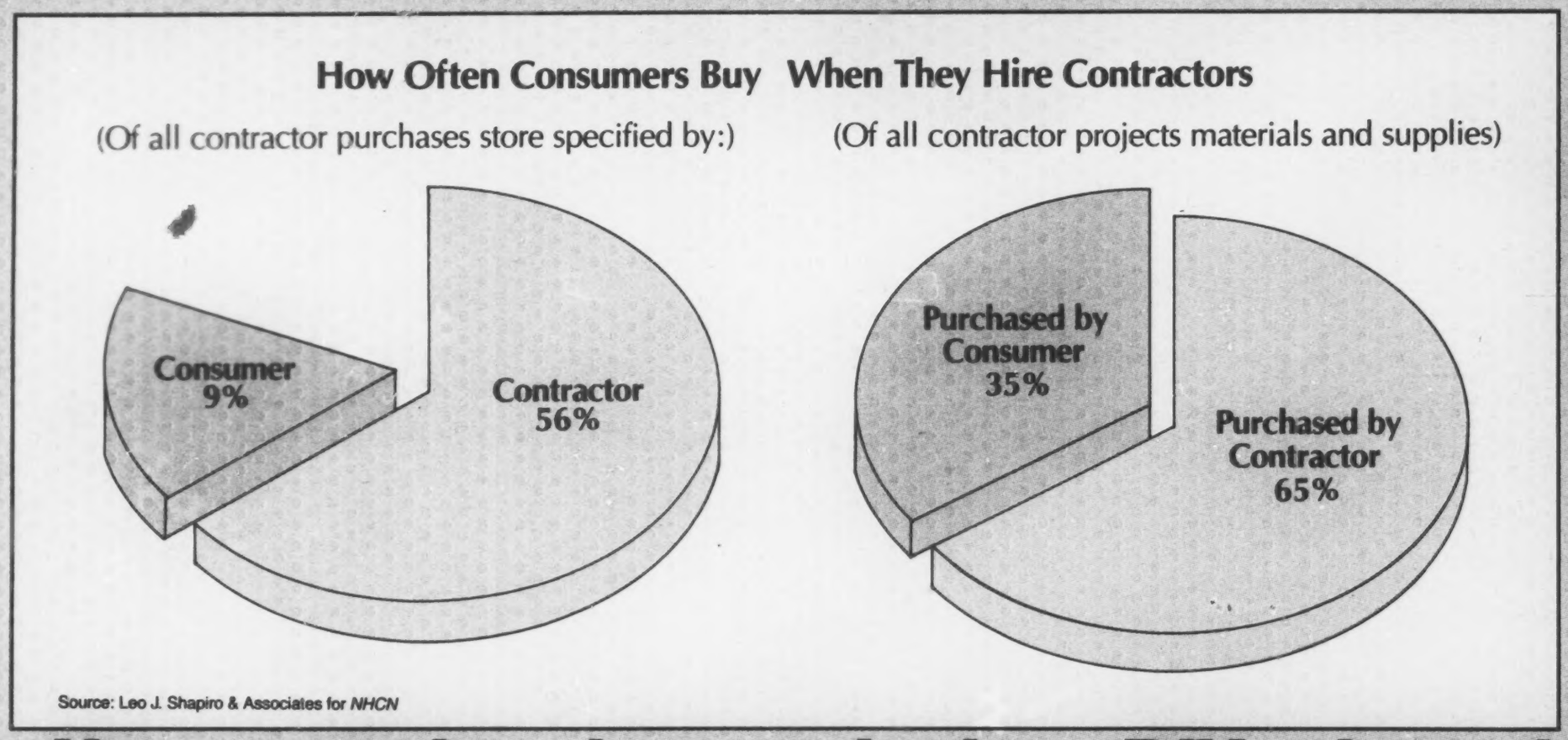
Indeed, this BIY mentality is anathema to most contractors, many of whom concede they make money when they themselves purchase materials.

In addition, contractors complain the homeowner doesn't have the product knowledge needed to control the purchase, and don't think that knowledge is available at most home centers. "I say 'Okay. You want to buy the materials? Fine.' I'll write it down for them, give it to them, and they still don't get it right," said one disgruntled contractor.

Because of this, some remodelers won't guarantee their own work if they can't be the primary decision maker about what is bought and where. "One thing about buying your own materials is you're leaving it open to the contractor to say after it's done, 'Well, I don't like using Benjamin Moore paints. It takes extra coats. That's why I'm charging you 20 percent more for the job because I generally use such and such; it's better,' " noted one focus group participant. "Six months later, when you call to ask why it's bubbling up, he says 'You should have bought oil paint instead of latex.' You're responsible for the whole thing."

This situation is compounded by the very real fact that contractors, as a rule, generally don't like to shop home centers, claiming their products and services are inferior, or at the very least not up to their expectations.

So it behooves home centers to get a better handle on how to service the "shadow market" of homeowners in the BIY mode, who present a major opportunity for these stores.


How Often Consumers Buy When They Hire Contractors
(Of all contractor purchases store specified by:)
Consumer 9%
Contractor 56%
(Of all contractor projects materials and supplies)
Purchased by Consumer 35%
Purchased by Contractor 65%
Source: Leo J. Shapiro & Associates for NHCN

When contractors are employed, homeowners still want some control over the project, which often means buying the products. The survey revealed that 35 percent of the time, consumers are purchasing what is used. A smaller not still significant segment of homeowners are controlling their home improvement projects by recommending to contractors which stores they should shop for building materials, which can cause friction because of remodelers' bias against home centers

# Home centers lose out when DIYer turns into BIYer

*By an NHCN staff editor*

The impact of the "shadow market" on home improvement centers is tremendous. The *NHCN*-Shapiro study found that 28 percent of all home improvement retail dollars are being spent by consumers purchasing materials and supplies for contractors they've hired.

And this sales sector is being generated from homeowners who claim that one out of every five trips they make to a store are for home improvement products they are buying for contractors working on their homes.

The problem with these findings for home centers operators is that while they have done a superb job attracting DIYers into their stores, they have been less successful in drawing those same customers when they assume the role of the BIYer.

Nearly three out of four interviewees—74 percent—said they do most of the purchasing for home improvement materials and supplies at the home center. But among consumers who are more frequent BIYers, that figure drops to less than half, 49 percent.

In fact, these BIYers claim they are more likely to go to a hardware store, a specialty store or Sears for purchases made for remodelers. The study found that the home center is failing with these customers not because it doesn't have the right product mix, but because it doesn't succeed in responding to their shopping needs as effectively as it does to its DIYer clientele.

The irony here is that the DIYer and the BIYer are often the same person. But the BIYer's motivation differs in that he or she is more concerned with managing these purchases to control the project, rather than taking pride in selecting just the right item for the job the purchaser may be doing on his own.

There are myriad factors why home centers lag in their appeal to BIYers. One, of course, is that the homeowner is intimidated by a contractor whose predisposition is anti-home center to start with, and who can poison the DIYer's relationship with his favorite home center.

For example, one contractor spoke of a homeowner client who wanted to purchase a faucet at Builders Square in Chicago that had an attractive price. "I try to explain . . . that it's all plastic. It's going to fall apart. I'm not warranting it. So if I put it in and then it doesn't work, you have to pay me to take it out."

This same contractor had offered the homeowner a Moen brass faucet for $90, and he said he can make this sale because "I tell them all the parts are all brass, and it's a solid faucet." He also expressed annoyance that his supplier is making what he referred to as a "cheaper" faucet model for local home centers.

The fact that Builders Square, as well as most home centers, offer higher quality products in most categories was completely lost on this contractor, who voiced the sentiment expressed by virtually all the remodelers interviewed that home center merchandise was "junk."

*(Continued on page 30)*

There is, in effect, a "shadow market," when DIYers become BIYers. Data from interviews with homeowners in Chicago, Philadelphia, Phoenix and Columbus found that 28 percent of all retail home improvement dollars are being spent by homeowners buying products for contractors working on their homes.

How the Home Improvement Dollar Divides Between DIY and BIY
(Precent of retail dollars)
BIY-Contractor did the Work 28%
DIY-Did the Work on Own 72%
Source: Leo J. Shapiro & Associates for NHCN

**BIY/DIY Store Expectations**

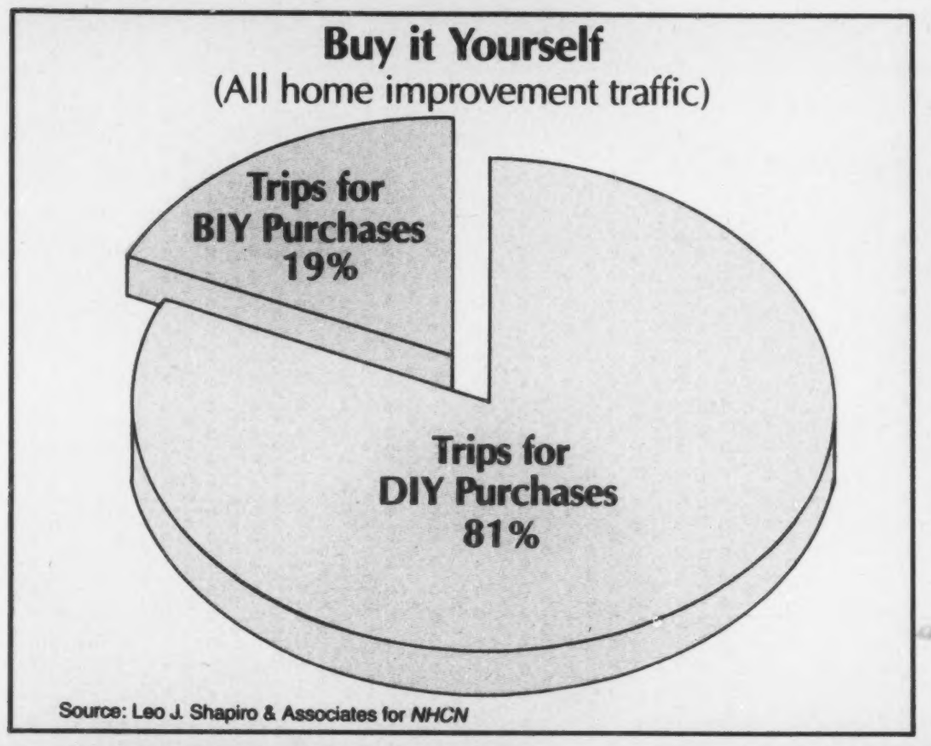
| | BIY | DIY |
|---|---|---|
| People | | |
| Helpful | 26% | 19% |
| Knowledgeable | 11 | 10 |
| Not Pushy | 3 | 1 |
| Quality Products | 12 | 10 |
| Good Displays | 14 | 10 |
| Store Environment | | |
| Clean | 10 | 8 |
| Not Cluttered | 11 | 9 |
| Convenient Location | 13 | 6 |
| Low Price | 23 | 28 |
| Big Selection | 26 | 32 |

Source: Leo J. Shapiro & Associates for NHCN

The homeowner assumes an entirely different mindset when he is buying for a remodeler, and his needs from a store change. Instead of searching out low prices and product selection the BIY wants strong in-store service, helpful salespeople and idea-inducing displays.

# Perspectives

## consumer attitude study


Buy it Yourself
(All home improvement traffic)
Trips for BIY Purchases 19%
Trips for DIY Purchases 81%
Source: Leo J. Shapiro & Associates for NHCN

**Store Shopped Most for Home Improvement Supplies**

| | BIY | DIY |
|---|---|---|
| Home Center and Lumber | 49% | 74% |
| Hardware | 16 | 10 |
| Sears | 6 | 4 |
| General Merchant | 6 | 3 |
| Specialty | 10 | 6 |

Source: Leo J. Shapiro and Associates for *NHCN*

**Home centers have done a good job of attracting DIYers to their stores. But when that same shopper becomes a BIYer, purchasing materials and supplies for a contractor, he is much less likely to shop a home center. In fact, that consumer increases his trips to hardware stores, specialty outlets and Sears when he switches into the BIY mode.**

# Home centers lose out when DIY turns BIY

*(Continued from page 26)*

Contractors also thought the help in most home centers was, in their words "ignorant," "incompetent" and "rude," and that these stores, because they don't offer credit or have separate checkout counters for builders and remodelers, don't provide the amenities these contractors are used to elsewhere.

However, the dislike of home centers by contractors is hardly the only reason these stores are not the primary outlets for BIYers. The study's findings reveal that when a homeowner becomes a BIYer, his entire shopping outlook and expectations change.

Perhaps the most revealing finding here is that BIYers are more concerned with getting friendly, knowledgeable service from the stores they shop than are DIYers, whose main shopping agenda focuses in finding low prices and extensive product selections. The service element could explain why BIYers said they'd be just as likely to go to a hardware store or Sears—where a premium is placed on service—than a home center, where self-service is generally the norm.

Perhaps the most revealing finding here is that BIYers are more concerned with getting friendly, knowledgeable service from the stores they shop than are DIYers.

BIYers don't want to travel long distances to purchase want they need, and the emphasis shifts towards assisted and easier shopping. Interestingly, they place more significance than do DIYers on the way a store displays its product, apparently as a new source of remodeling ideas.

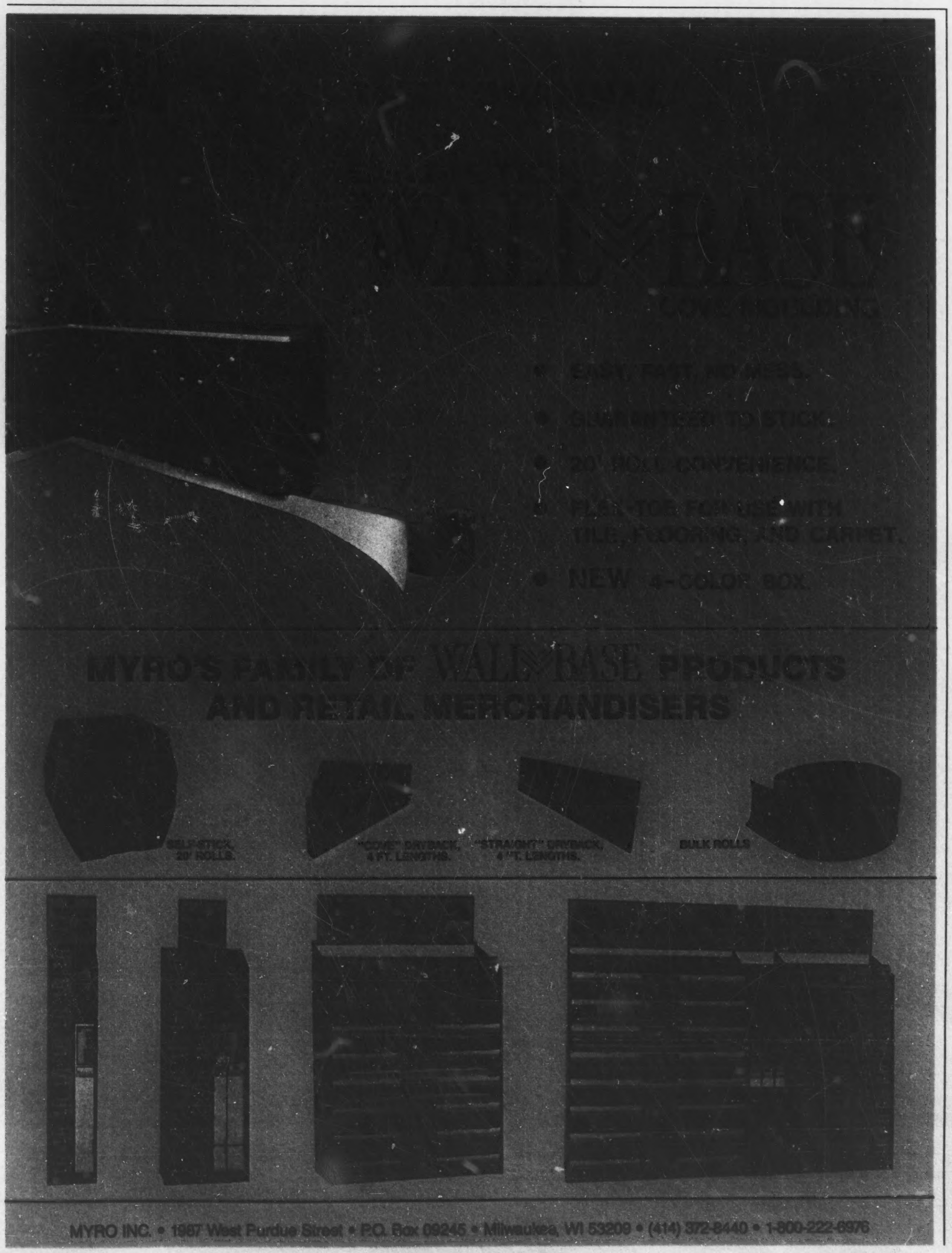
### Clean stores important

The shopping environment BIYers want extends to a clean, uncluttered presentation, which would be bad news for the warehouse home centers and most lumberyards.

In the focus groups, homeowners also said they look for stores that can help them with contractors, again giving Sears an edge.

The silver lining for home centers is that even though they may be getting shut out from a good number of BIY purchases, they attract many of the same customers when those homeowners are doing a project themselves.

Consequently, there is a major opportunity for home centers to adjust their presentation and services in a way that will appeal to both groups simultaneously.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# Perspectives

## consumer attitude study

### BIY & Contractor Shoppers Where They Converge

Contractor traffic influenced by consumer

| | High | Medium | Low |
|---|---|---|---|
| BIY High | Kitchen sink, tub, windows, floor | Ceiling, add a room | Roof, rewire room |
| BIY Medium | Bathroom, tile | Deck | Patio, fence, insulation, family room, faucet |
| BIY Low | Shelves, room paneling | Room paint | Light fixture, exterior paint, landscaping, door knob, lock |

Source: Leo J. Shapiro & Associates for *NHCN*

**Because home centers have already snared the DIYer, they are in a good position to attract the BIYer who is often the same person with different shopping needs. The chart shows what product categories are most likely to be shopped by BIYers and where home centers need to alter and concentrate more of their in-store sales and display efforts to accommodate the BIY customer.**

## Complex jobs help drive BIY shopping

*By an NHCN staff editor*

Spotting whether a customer is in the store as a BIYer or a DIYer is an inexact science that home centers need to master in order to get the most out of their units.

What's so confusing about this is that the shopping modes homeowners assume varies greatly from product category to product category. But a pattern of sorts does emerge where the BIY activity is higher for some departments than others.

"We had our roof done a couple of years ago," recalled one focus group homeowner. "We left it up to [the contractor]. We only picked out the color. But now, we're doing the bathroom and my husband knew exactly what kind of fixtures he wanted: the lavatory, the sink, whatever. So he bought the fixtures himself."

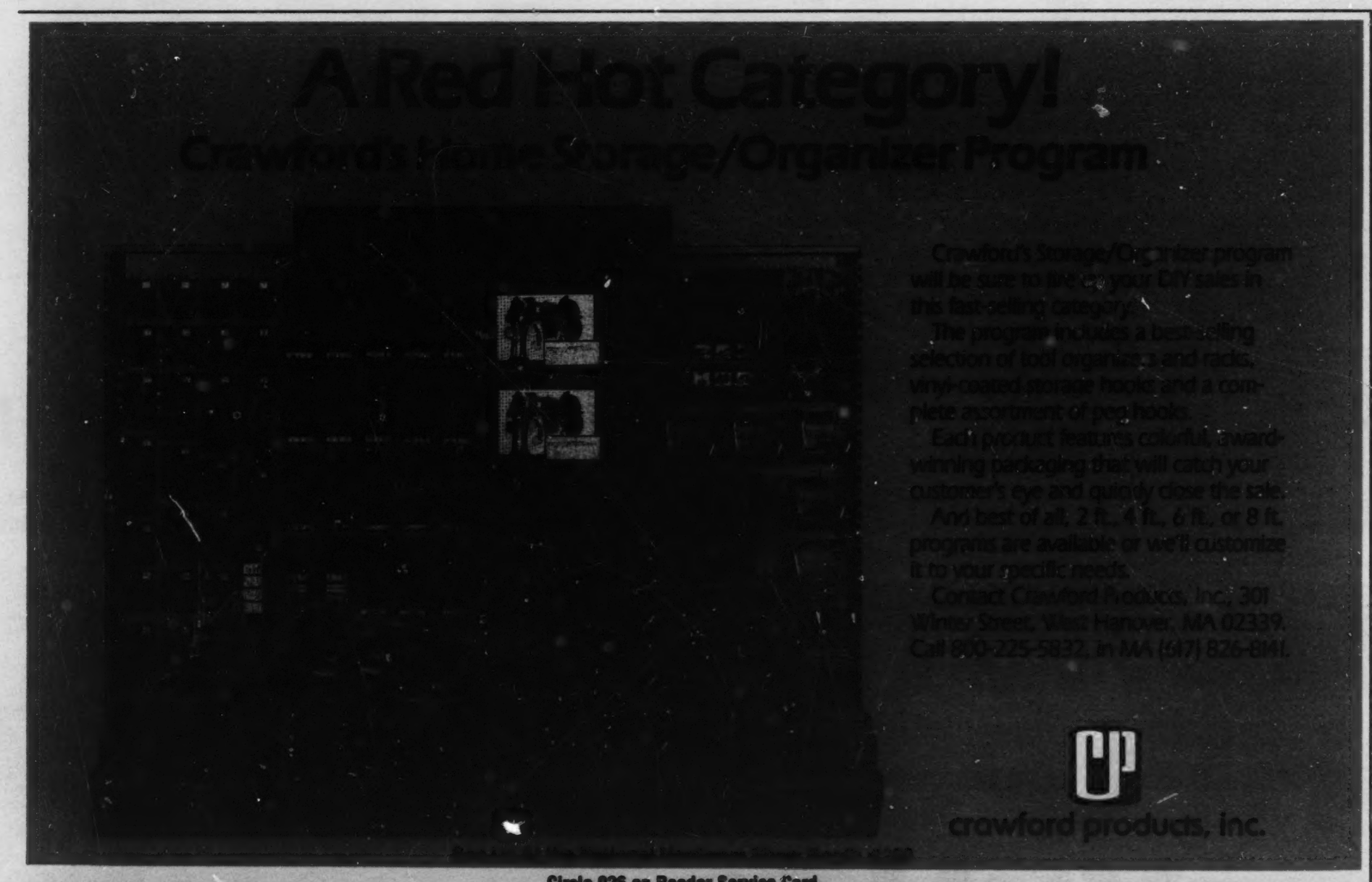
The study found that the more complicated the job, the more likely the customer in a store is there on a buy-it-yourself mission.

The study found that the more complicated the job, the more likely the customer in a store is there on a BIY mission. In the roofing department, more than two fifths of the shoppers are there buying product for contractors; 38 percent buy kitchen counters and cabinets for contractors they have hired; 37 percent for sinks and tubs.

In contrast, only 5 percent of the traffic in a store's paint department would be buying interior paint for a contractor. The same low level of BIY activity can be found for door hardware and shelving (*see matrix chart*).

The home center looking to service this BIYer must also keep in mind that this customer may actually be a contractor in the store—usually grudgingly—at the behest of the homeowner. While these consumers account for only a small percentage of the overall home improvement traffic, they account disproportionally for those consumers who are more likely to go to a hardware store or specialty house than a home center for project purchases.

All told, dealers need to determine which of their product lines are more likely to be bought by BIYers. Once that is figured out, the dealer can then reorient his store's services, its displays, the quality of its salespeople and other factors needed to appease both the BIYer and the occasional contractor coming through the door to buy materials for big-ticket projects.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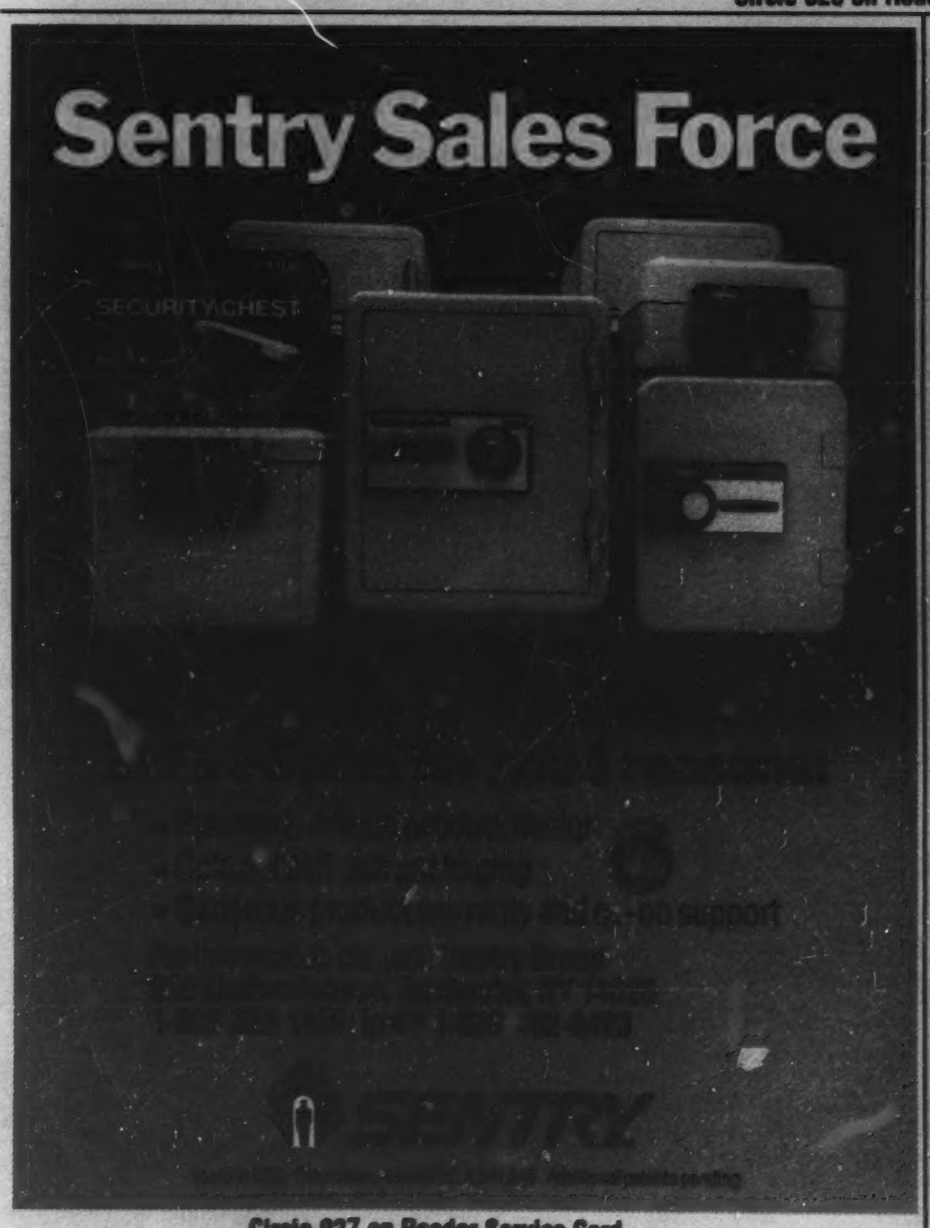

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# Perspectives

*consumer attitude study*

# Home centers need to rethink how to attract 'shadow market'

*By an NHCN staff editor*

Home centers, to this point, are not viewed as allies of those consumers who are working with contractors and need help selecting products for that home improvement job.

This failure is no reflection on emphasis a store has placed on attracting do-it-yourselfers, nor does it necessarily uncover deficiencies in a store's marketing or in-store presentation.

**Pro assistance cloudy**

However, home center operators need to realize that while the consumer can look out and see an unprecedented array of stores that articulate and support DIY, the sources of professional assistance are cloudy and uncertain.

As a DIYer, a homeowner is in the driver's seat, but as a BIYer "he faces a seller's market in which he suspects he is an easy victim" of the remodeler and the dealer, according to the study.

Home centers have succeeded beyond expectation in motivating the homeowner to engage in home improvement. And, as the study shows, most people want to do the job themselves, unencumbered by outside forces. But the employment of a contractor "is often a matter of circumstance and not preference," the study points out, where time constraints, limited ability and even age come into play.

Home centers have succeeded beyond expectation in motivating the homeowner to engage in home improvement. And, as the study shows, most people want to do the job themselves, unencumbered by outside forces. But the employment of a contractor "is often a matter of circumstance and not preference," the study points out, where time constraints, limited ability and even age come into play.

Buy-it-yourselfers, then, are a kind of distressed breed looking for stores to come to their rescue. However, home centers have taken a far too narrow view of the market by overlooking the fact that DIYers—their main customers—sometimes have to become BIYers with entirely different shopping needs.

**The "shadow market"**

Because of their approach, home centers are not effectively competing for that "shadow market," the 28 percent of retail sales generated by homeowners in stores as a buy-it-yourselfer. "In this high stakes competition, the home center is losing trips to other retailers who are responding more effectively to the needs of a buy-it-yourself trip," the study states.

The home center, though, is in a good position to be in the vanguard of assisting this BIY universe by virtue of its stores' appeal to DIYers. But a home center "has to be more explicit about wanting this business," according to the study "so the shopper can recognize the home center as his ally—his advocate—in using contractors."

The consumer needs a store that will instill confidence in him to deal with contractors. He needs to be able to defend the purchases he's made for a project, which may mean that home centers offer strong warranties on their merchandise.

**Store must be authority**

In essence, "the store must become an authority when it is used by shoppers to source supplies for contractors," the study concludes.

But in taking this stance, the home center must not set itself up as an adversary to the contractor, but must instead provide what is needed to reduce the friction between the homeowner and remodeler so each can accommodate the other. (The solution to this problem may find home centers taking a more active role in recommending contractors to consumers.)

The study ends by saying that "whether a store focuses exclusively on the consumer or seeks to attract both consumer and the trade, it has a stake in making friends with the contractor to support its effort to win with the shadow market."

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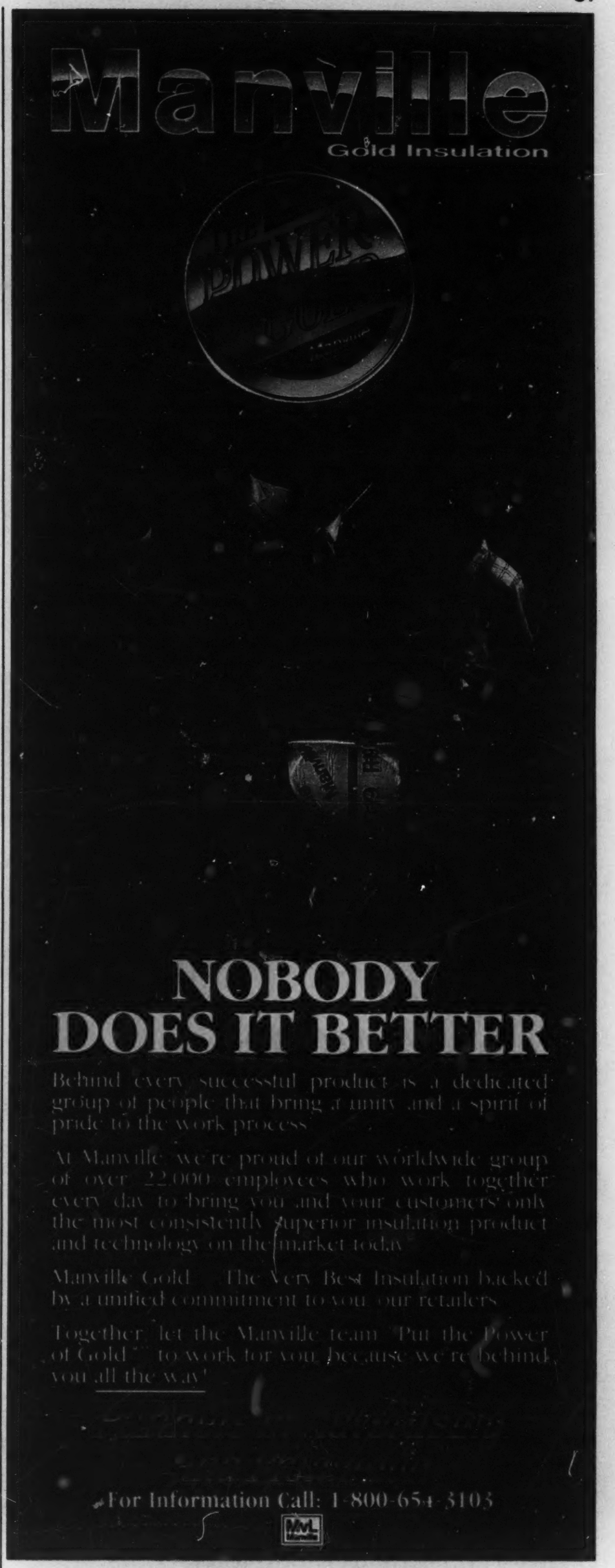

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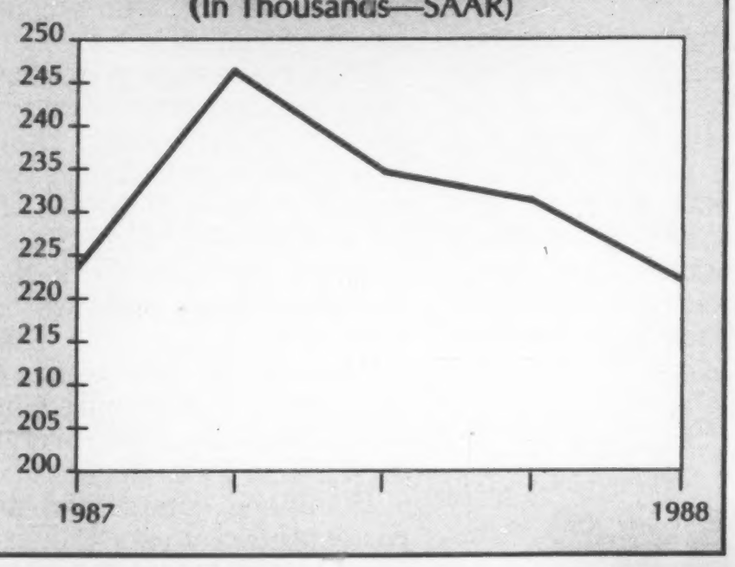
# Business Watch

Section 4

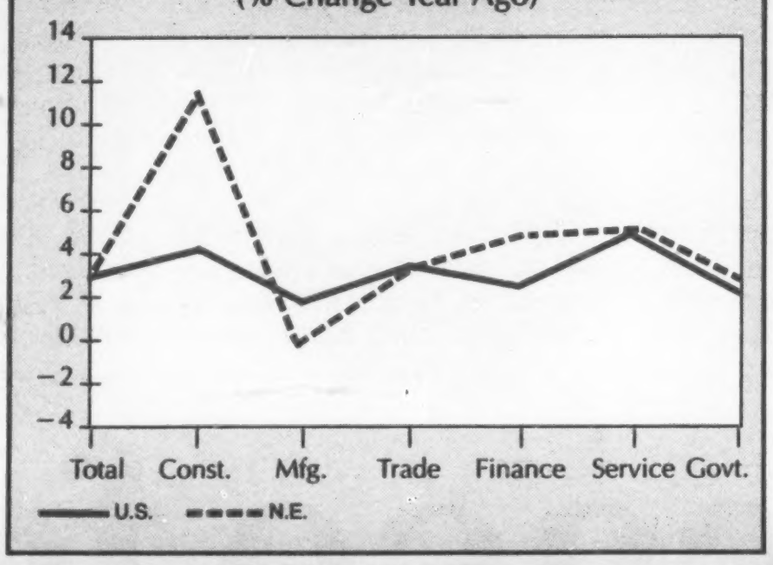
## While sales soften . . .

**New England Resales**
(In Thousands—SAAR)



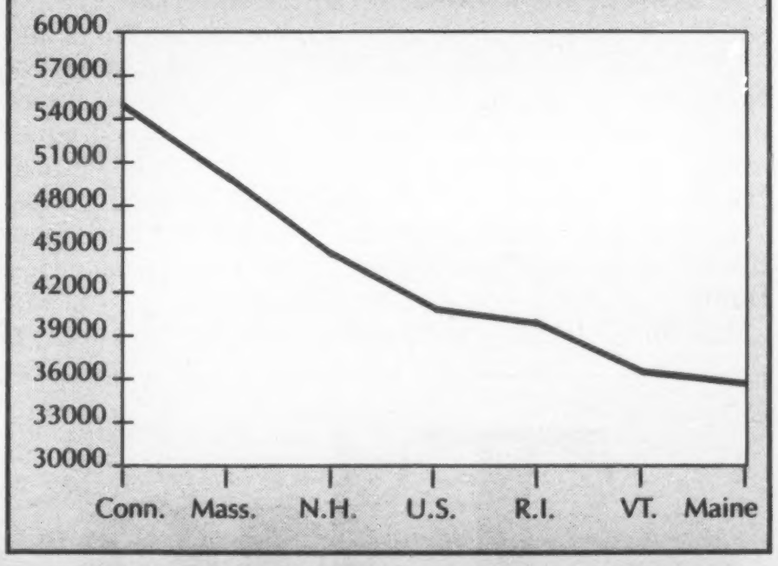

## . . . and employment eases . . .

**Employment**
(% Change Year Ago)




## . . . strong income will sustain sales.

**1987 Average Household Income**




# Gap between sales for New England and nation narrows

**By Richard E. Mount**
*Special to NHCN*

Building material sales in New England are expected to increase 6.7 percent this year, slightly stronger than the 5.6 percent national gain. Adjusted for price increases, the regional gain will be closer to 3.5 percent. The big news is that the gap between the region and the nation is narrowing. Last year, New England building materials sales rose 18.8 percent, but only 6.8 percent nationally.

Resales in New England, usually the best indicator of future building materials sales, have been drifting down for the last three quarters. But in the first quarter of 1988 they were still 3.2 percent higher than a year ago. The major problem for the regional resale market is price. While the median price of a resale nationally is about $88,000, in Boston it is closer to $177,000; Hartford, Conn., $166,000; and Providence, R.I., $123,000. These sharply higher prices hinder relocation by homeowners outside the region.

*Richard E. Mount*

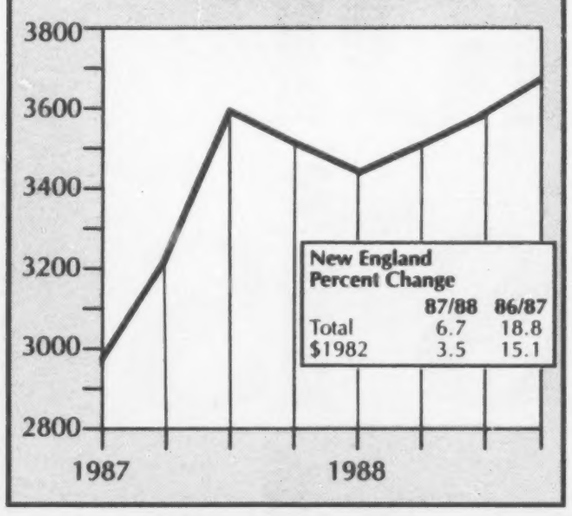
High household income is a major factor for the strength in building materials sales for the region. The three most populated states enjoy average annual household incomes well above the national average of $40,500. Connecticut, at almost $55,000, has the highest level in the nation; Massachusetts is fourth at $49,000 and New Hampshire ninth at $45,000.

The economies of Connecticut and Massachusetts are slowing now with year-to-year employment gains of about 2.5 percent, held back by weakness in manufacturing. Maine, New Hampshire and Vermont are showing more rapid gains from 4.1 percent to 5.7 percent, propelled by construction, manufacturing and trade. Rhode Island remains the weakest state in the region because of its manufacturing base although, with a gain of employment of 1.9 percent, the state is healthy by other regions' standards.

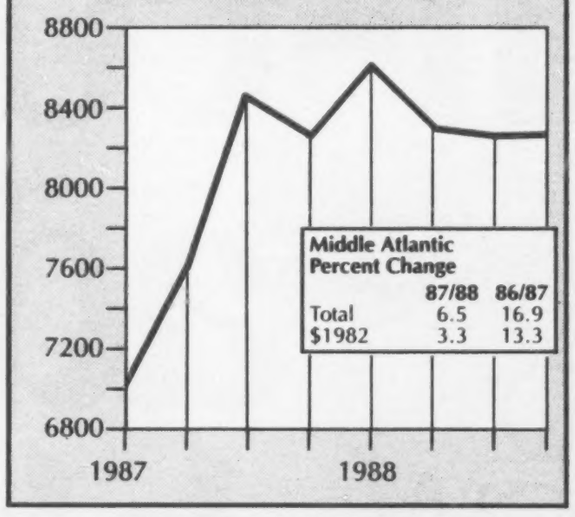
*Richard Mount is president and chief economist with Mount Economic Consulting.*

## Regional Outlook: Building Material Sales

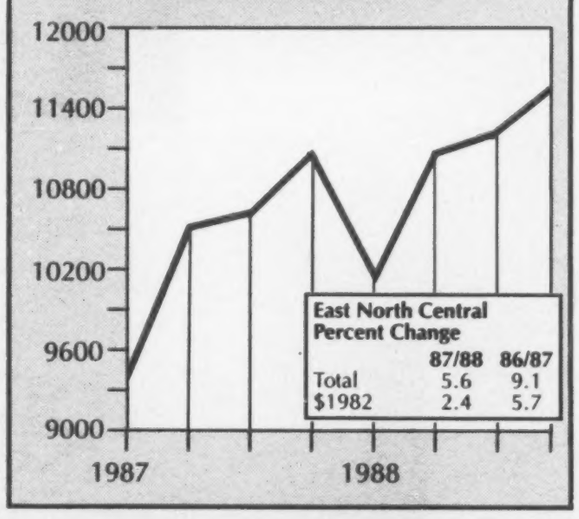
**New England**
Millions of Dollars



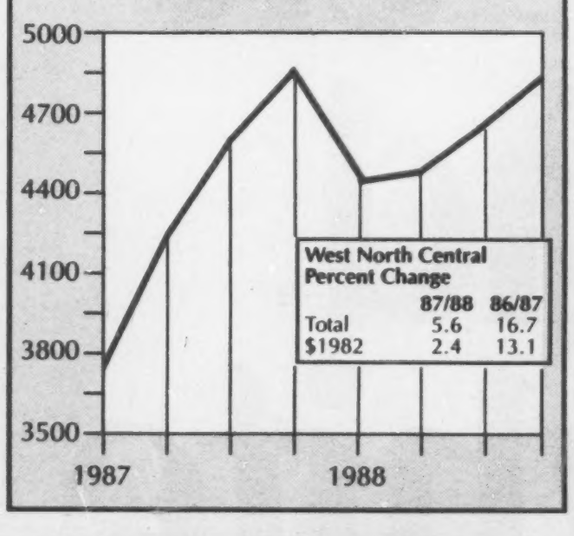

**Middle Atlantic**
Millions of Dollars



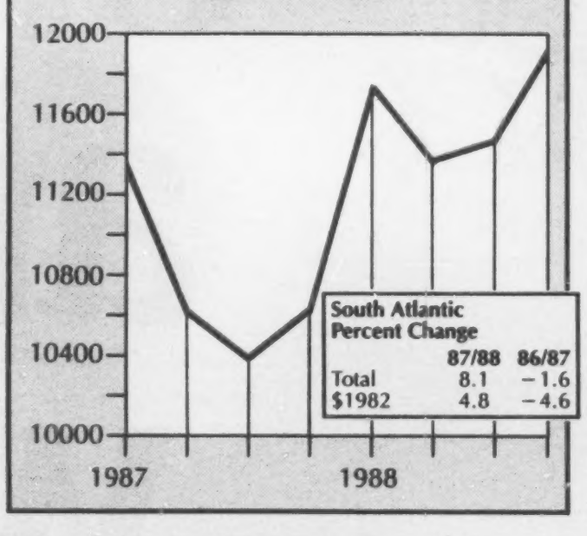

**East North Central**
Millions of Dollars



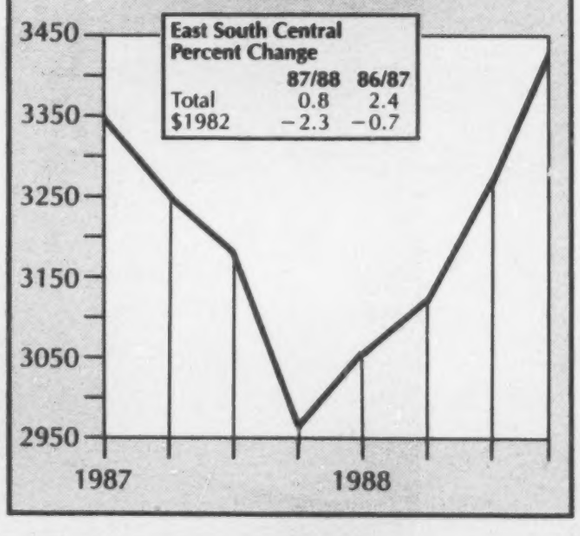

**West North Central**
Millions of Dollars



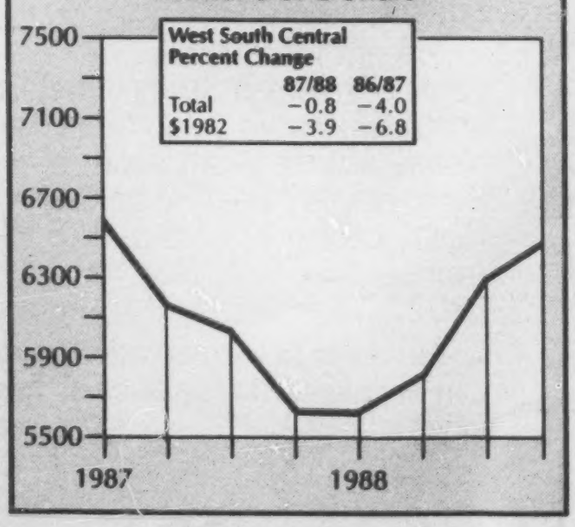

**South Atlantic**
Millions of Dollars



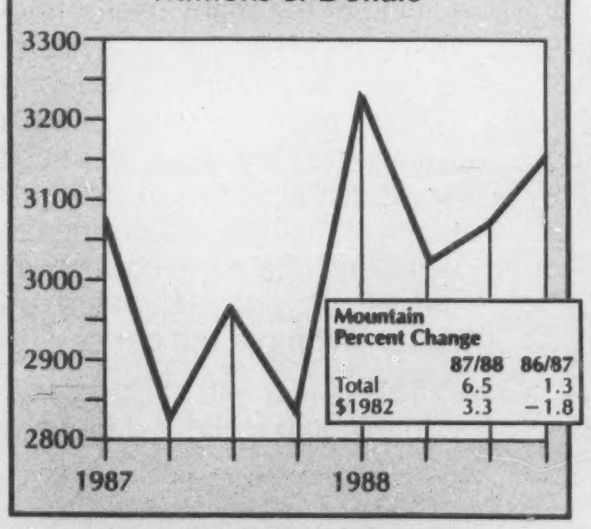

**East South Central**
Millions of Dollars



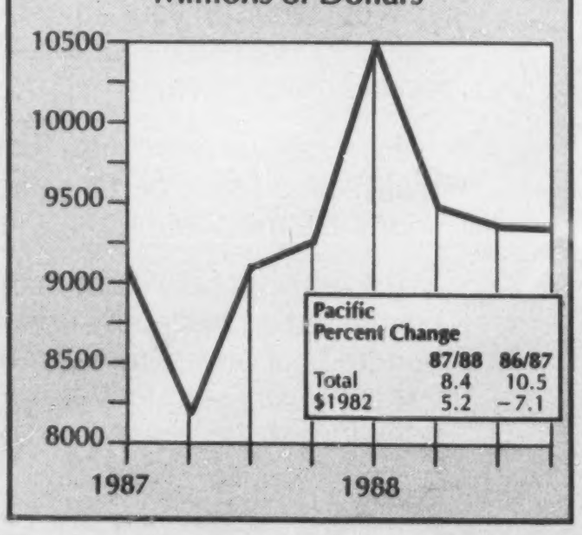

**West South Central**
Millions of Dollars




**Mountain**
Millions of Dollars




**Pacific**
Millions of Dollars



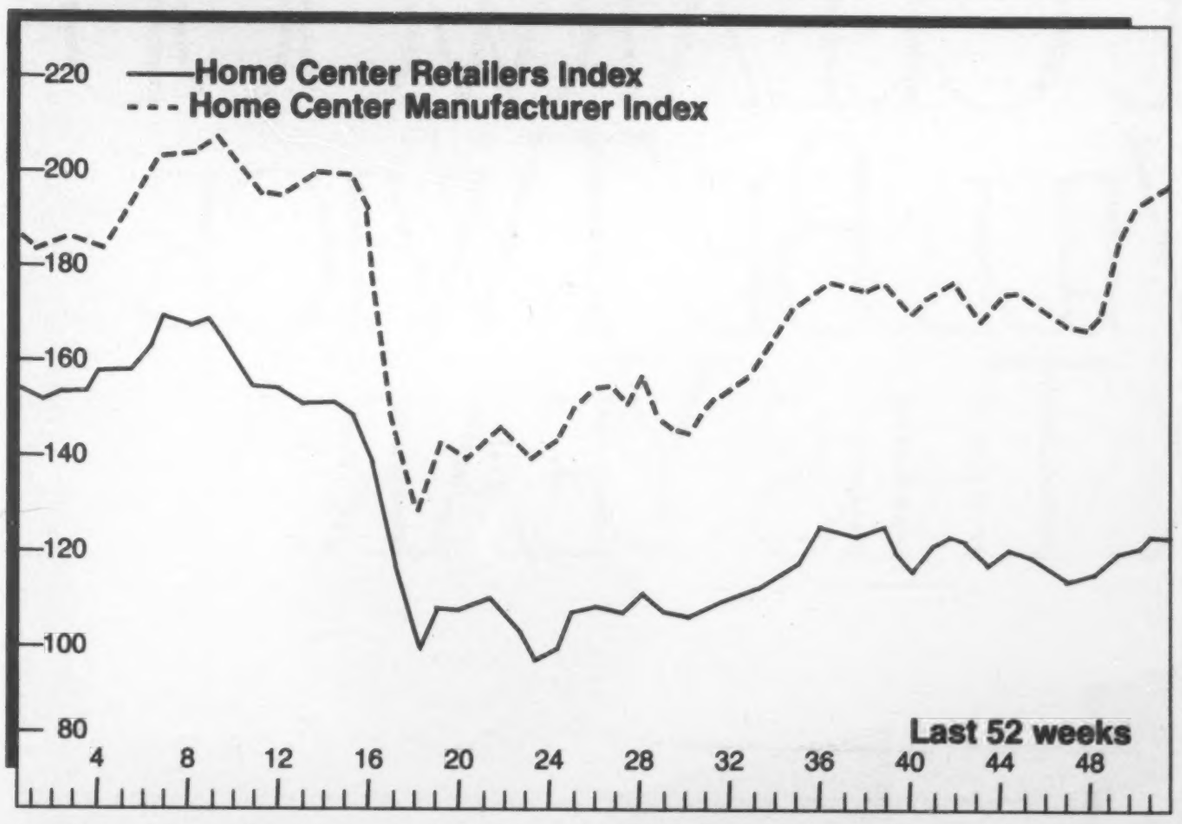

Data: Department of Commerce
Bureau of Labor Statistics
National Association of Realtors
Department of Housing and Urban Development

The Home Center Industry Outlook runs in two parts, in alternate issues. The first part includes latest data on the General Economic Outlook; Residential Alterations & Repairs; and Retail Trade Activity. The second part includes latest data on regional building material & supply store sales. The *NHCN* Leading Indicator runs every issue on page 5.

SAAR—Seasonally Adjusted Annual Rate
p—projection
*NHCN* chart

# Business Watch

stocks




The home center retailer and manufacturer stock market indices are a measurement of the changes in aggregate market value compared to their value on June 24, 1988, which has been set to equal 100 on the index. Aggregate market value is the sum of each stock's price multiplied by its number of shares outstanding, adjusted to eliminate the effects of additions or deletions to the *NHCN* stock list.

## Industry stocks on an upswing

The two-week period ended June 24 was one of the best that home improvement company stocks have experienced in several months. Thirty-nine firms saw their stock prices rise in this period, versus 15 whose prices dropped and two whose prices were flat.

Publicly held dealers fared particularly well these two weeks. They were led by General Building Products, whose stock jumped 15 percent to $5.75 per share and Grossman's, whose price rose 12 percent to $7.

On the down side, Lowe's two-week performance was off 6.1 percent to $21.25. And Wickes Cos. stock continued to fall this period by 4.8 percent to $9.88. Wickes chairman Sanford Sigoloff faced angry shareholders at the company's annual meeting in late June, who complained that since the company split its stock 1-for-5, the value of their holdings has fallen from an estimated $23 per share.

Surprisingly, there was little movement in Payless Cashways' stock, even though nearly 98 million shares were traded during the period. Payless, whose management has made a bid to take the company private, continued to be pursued by a group led by investor Asher Edelman. Its stock price was flat at $25.63.

Among home improvement manufacturers, DeSoto, the paint maker, enjoyed the best percentage price increasing, as its stock price rose 11.3 percent to $3.75. Other big gainers were Ply-Gem Industries (9.4 percent to $14.50) and Waxman Industries (9.6 percent to $15.75).

National Home Center News

## HOME CENTER MARKET SUMMARY

| Company and Market | Stock Market: 2-Weeks Ended 6-24-88 | Price: 2-Weeks Change Amt. | Price: 2-Weeks Change Pct. | Price: 2-Week Range High | Price: 2-Week Range Low | Price: 52-Week Range High | Price: 52-Week Range Low | Volume: 2-Weeks Shares Traded Total | Volume: 2-Weeks Shares Traded % Out | Volume: 12-Week Avg. Vol. As % Out | Volume: Volume Trend Change | Financial Update: P/E Ratio | Indicated Divd. Rate Amt. | Indicated Divd. Rate Yld. | Latest Report: New Report | Latest Report: Period | Latest Report: Date Ended | Latest Quarter: Revenue Amt. | Latest Quarter: Revenue Chg. | Latest Quarter: Net Income Amt. | Latest Quarter: Net Income Chg. | Latest Quarter: E.P.S. Amt. | Latest Quarter: E.P.S. Chg. | Year-to-Date: Revenue Amt. | Year-to-Date: Revenue Chg. | Year-to-Date: Net Income Amt. | Year-to-Date: Net Income Chg. | Year-to-Date: E.P.S. Amt. | Year-to-Date: E.P.S. Chg. |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| - | $ | $ | % | $ | $ | $ | $ | (100) | % | % | % | - | $ | % | - | - | - | $Mil | % | $Mil | % | $ | % | $Mil | % | $Mil | % | $ | % |
| **Retailers** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Gen Bldg Prods ..... M | 5.75 | .75 | 15.0 | 5.75 | 5.25 | 11.75 | 4.00 | 515 | 1.28 | .83 | 54.2 | 12.5 | .00 | .0 | ..... | 3 mos. | 02-88 | 14.9 | 15.5 | - .1 | - 100.0 | - .03 | - 100.0 | 14.9 | 15.5 | - .1 | - 100.0 | - .03 | - 100.0 |
| Grossman's Inc ..... M | 7.00 | .75 | 12.0 | 7.38 | 6.25 | 10.00 | 4.13 | 18,521 | 7.09 | 1.86 | 281.2 | 14.0 | .00 | .0 | ..... | 3 mos. | 03-88 | 204.0 | 6.3 | - 9.1 | NE | - .35 | NE | 204.0 | 6.3 | - 9.1 | NE | - .35 | NE |
| Hechinger A ..... M | 20.00 | .75 | 3.9 | 20.25 | 19.25 | 26.50 | 14.25 | 9,004 | 6.25 | 2.74 | 128.1 | NA | .16 | .8 | ..... | | 00-00 | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA | NA |
| Hechinger B ..... M | 19.75 | .75 | 3.9 | 20.00 | 19.00 | 26.75 | 15.50 | 938 | .58 | .22 | 163.6 | 16.9 | .06 | .3 | ..... | 3 mos. | 04-88 | 238.8 | 44.9 | 8.8 | 15.8 | .24 | .0 | 238.8 | 44.9 | 8.8 | 15.8 | .24 | .0 |
| Home Depot ..... N | 29.00 | 1.25 | 4.5 | 29.75 | 27.38 | 29.75 | 12.13 | 23,919 | 4.87 | 1.63 | 198.8 | 23.8 | .12 | .4 | ..... | 3 mos. | 04-88 | 446.6 | 33.7 | 19.2 | 50.0 | .38 | 31.0 | 446.6 | 33.7 | 19.2 | 50.0 | .38 | 31.0 |
| INTERCO Inc ..... N | 43.50 | .13 | .3 | 44.25 | 42.50 | 54.00 | 29.50 | 11,342 | 3.13 | 1.18 | 165.3 | 12.4 | 1.72 | 4.0 | ..... | fiscal | 02-88 | 793.1 | 21.7 | 36.6 | 18.1 | .93 | - 6.1 | 3341.4 | 27.8 | 145.0 | 47.1 | 3.50 | 11.8 |
| K mart Cp ..... N | 35.50 | 1.13 | 3.3 | 35.75 | 34.13 | 48.38 | 21.63 | 37,378 | 1.86 | 1.06 | 75.5 | 10.3 | 1.32 | 3.7 | ..... | 3 mos. | 04-88 | 5841.8 | 4.4 | 120.8 | 4.6 | .60 | 5.3 | 5841.8 | 4.4 | 120.8 | 4.6 | .60 | 5.3 |
| Lowe's Cos ..... N | 21.25 | - 1.38 | - 6.1 | 23.25 | 21.00 | 29.38 | 15.25 | 10,952 | 2.76 | .90 | 206.7 | 13.3 | .44 | 2.1 | ..... | 3 mos. | 04-88 | 590.6 | 3.8 | 15.1 | 17.1 | .39 | 18.2 | 590.6 | 3.8 | 15.1 | 17.1 | .39 | 18.2 |
| Natl Hardgoods ..... M | 5.13 | .50 | 10.8 | 5.13 | 4.63 | 9.25 | 3.75 | 70 | .52 | .50 | 4.0 | 9.5 | .00 | .0 | NEW | 3 mos. | 04-88 | 9.8 | 11.4 | - .1 | NC | - .06 | - 100.0 | 9.8 | 11.4 | - .1 | NC | - .06 | - 100.0 |
| Natl Lumber ..... M | 3.13 | - .13 | - 3.8 | 3.13 | 3.00 | 5.75 | 2.50 | 94 | .17 | .31 | - 45.2 | NE | .00 | .0 | NEW | * | 04-88 | NC | NC | NC | NC | NC | NC | 38.1 | NC | .1 | NC | .01 | NC |
| Payless Cash ..... N | 25.63 | .00 | .0 | 26.13 | 22.50 | 26.13 | 9.63 | 97,616 | 28.17 | 7.79 | 261.6 | 32.4 | .16 | .6 | ..... | 3 mos. | 02-88 | 357.7 | 7.7 | 2.6 | - 25.7 | .08 | - 20.0 | 357.7 | 7.7 | 2.6 | - 25.7 | .08 | - 20.0 |
| Scotty's Inc ..... N | 13.63 | .25 | 1.9 | 14.13 | 13.00 | 15.88 | 10.00 | 912 | .62 | .30 | 106.7 | 17.2 | .52 | 3.8 | ..... | 9 mos. | 03-88 | 137.3 | 2.0 | 3.5 | 16.7 | .23 | 9.5 | 394.5 | 4.1 | 8.3 | 18.6 | .56 | 16.7 |
| Sears, Roebuck ..... N | 37.25 | 1.63 | 4.6 | 37.50 | 35.13 | 59.50 | 26.00 | 61,231 | 1.62 | 1.60 | 1.3 | 9.2 | 2.00 | 5.4 | ..... | 3 mos. | 03-88 | 12157.9 | 16.0 | 179.5 | - 37.7 | .47 | - 37.3 | 12157.9 | 16.0 | 179.5 | - 37.7 | .47 | - 37.3 |
| Std Brd Prt ..... N | 13.50 | .13 | .9 | 14.13 | 13.00 | 31.88 | 10.63 | 4,546 | 8.64 | 2.25 | 284.0 | NE | .00 | .0 | ..... | 3 mos. | 04-88 | 73.8 | - 6.5 | 1.1 | - 74.4 | .13 | - 75.0 | 73.8 | - 6.5 | 1.1 | - 74.4 | .13 | - 75.0 |
| Strober Organiz ..... M | 11.00 | - .88 | - 7.4 | 11.75 | 11.00 | 13.00 | 6.25 | 429 | .71 | .36 | 97.2 | 14.5 | .00 | .0 | ..... | 3 mos. | 03-88 | 28.1 | 31.9 | .4 | - 60.0 | .06 | - 64.7 | 28.1 | 31.9 | .4 | - 60.0 | .06 | - 64.7 |
| Wickes Cos ..... N | 9.88 | - .50 | - 4.8 | 10.25 | 9.63 | 22.50 | 7.25 | 15,738 | 3.29 | 1.45 | 126.9 | NE | .00 | .0 | ..... | 3 mos. | 04-88 | 928.1 | - 39.7 | - 2.6 | - 100.0 | .17 | - 90.0 | 928.1 | - 39.7 | - 2.6 | - 100.0 | .17 | - 90.0 |
| Wolohan Lumber ..... M | 14.38 | - .13 | - .9 | 15.13 | 14.38 | 18.75 | 8.75 | 1,281 | 2.19 | 1.28 | 71.1 | 9.6 | .24 | 1.7 | ..... | 3 mos. | 03-88 | 42.3 | 2.9 | .8 | - 20.0 | .14 | - 22.2 | 42.3 | 2.9 | .8 | - 20.0 | .14 | - 22.2 |
| Zayre Corp ..... N | 20.88 | - .25 | - 1.2 | 22.13 | 20.25 | 37.00 | 13.50 | 29,331 | 5.17 | 5.10 | 1.4 | 11.5 | .40 | 1.9 | ..... | 3 mos. | 04-88 | 1450.9 | 12.0 | 4.5 | - 78.7 | .08 | - 77.8 | 1450.9 | 12.0 | 4.5 | - 78.7 | .08 | - 77.8 |
| **Wholesalers** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Hughes Supply ..... N | 18.13 | .78 | 4.5 | 18.25 | 17.44 | 20.19 | 13.19 | 692 | 1.39 | .58 | 139.7 | 9.6 | .32 | 1.8 | ..... | 3 mos. | 04-88 | 116.5 | 21.6 | 2.1 | 5.0 | .43 | 10.3 | 116.5 | 21.6 | 2.1 | 5.0 | .43 | 10.3 |
| Moore Handley ..... M | 4.75 | .75 | 18.8 | 4.75 | 4.00 | 9.00 | 3.75 | 152 | .62 | .23 | 169.6 | NE | .00 | .0 | ..... | 3 mos. | 03-88 | 25.8 | 9.3 | - .1 | - 100.0 | - .02 | - 100.0 | 25.8 | 9.3 | - .1 | - 100.0 | - .02 | - 100.0 |
| Lewis Palmer ..... M | 11.13 | .38 | 3.5 | 11.13 | 10.75 | 11.50 | 5.75 | 507 | 1.34 | 3.97 | - 66.2 | 25.9 | .28 | 2.5 | ..... | 3 mos. | 04-88 | 53.3 | .8 | .4 | 33.3 | .12 | 33.3 | 53.3 | .8 | .4 | 33.3 | .12 | 33.3 |
| **Manufacturers** | | | | | | | | | | | | | | | | | | | | | | | | | | | | | |
| Am Consum Prods ..... M | 10.75 | .25 | 2.4 | 11.50 | 10.75 | 11.81 | 6.31 | 202 | .78 | .82 | - 4.9 | 15.4 | .00 | .0 | ..... | 3 mos. | 03-88 | 17.5 | 90.2 | .4 | 33.3 | .17 | 54.5 | 17.5 | 90.2 | .4 | 33.3 | .17 | 54.5 |
| Am Standard ..... N | 77.38 | .13 | .2 | 77.50 | 77.13 | 78.25 | 30.50 | 273 | .09 | 1.07 | - 91.6 | 18.4 | 1.80 | 2.3 | ..... | 3 mos. | 03-88 | 900.8 | 15.5 | 21.3 | - 1.4 | .67 | 3.1 | 900.8 | 15.5 | 21.3 | - 1.4 | .67 | 3.1 |
| Am Woodmark ..... M | 8.13 | - .38 | - 4.4 | 8.63 | 8.13 | 14.09 | 5.91 | 501 | .67 | .17 | 294.1 | 11.6 | .00a | .0 | NEW | fiscal | 04-88 | 33.5 | 14.3 | .9 | - 40.0 | .12 | - 40.0 | 129.5 | 11.8 | 5.3 | - 22.1 | .70 | - 23.9 |
| Armstrng Wrld ..... N | 38.38 | - 1.88 | - 4.7 | 40.63 | 37.00 | 47.38 | 22.50 | 11,782 | 2.55 | 2.00 | 27.5 | 11.5 | 1.00 | 2.6 | ..... | 3 mos. | 03-88 | 629.5 | 16.3 | 39.0 | 22.3 | .84 | 25.4 | 629.5 | 16.3 | 39.0 | 22.3 | .84 | 25.4 |
| Black & Decker ..... N | 23.50 | 1.75 | 8.0 | 23.88 | 21.63 | 26.50 | 13.00 | 25,145 | 4.30 | 2.23 | 92.8 | 18.1 | .40 | 1.7 | ..... | 6 mos. | 03-88 | 537.8 | 22.6 | 21.2 | 130.4 | .36 | 125.0 | 1150.1 | 18.8 | 52.3 | 65.5 | .89 | 64.8 |
| Boise Cascade ..... N | 46.50 | .88 | 1.9 | 47.50 | 44.00 | 51.16 | 28.81 | 12,042 | 2.67 | 1.42 | 88.0 | 10.6 | 1.20 | 2.6 | ..... | 3 mos. | 03-88 | 1016.3 | 11.4 | 68.5 | 70.4 | 1.47 | 86.1 | 1016.3 | 11.4 | 68.5 | 70.4 | 1.47 | 86.1 |
| Champ Intl ..... N | 36.88 | 1.50 | 4.2 | 38.00 | 34.75 | 44.63 | 21.75 | 32,664 | 3.44 | 1.71 | 101.2 | 8.2 | 1.00 | 2.7 | ..... | 3 mos. | 03-88 | 1266.1 | 15.4 | 102.0 | 83.8 | 1.07 | 81.4 | 1266.1 | 15.4 | 102.0 | 83.8 | 1.07 | 81.4 |
| Clairson Intl ..... M | 4.75 | .25 | 5.6 | 4.88 | 4.50 | 16.50 | 4.50 | 4,339 | 8.53 | 1.24 | 587.9 | NE | .00 | .0 | ..... | 6 mos. | 03-88 | 27.5 | 45.5 | - 2.6 | - 100.0 | - .50 | - 100.0 | 51.2 | 45.5 | - 2.2 | - 100.0 | - .42 | - 100.0 |
| Cooper Indus ..... N | 58.75 | - 1.25 | - 2.1 | 62.00 | 57.13 | 74.50 | 39.00 | 10,937 | 2.16 | 1.08 | 100.0 | 16.5 | 1.80 | 3.1 | ..... | 3 mos. | 03-88 | 925.5 | 15.6 | 32.2 | 16.7 | .64 | 14.3 | 925.5 | 15.6 | 32.2 | 16.7 | .64 | 14.3 |
| DeSoto Inc ..... N | 37.00 | 3.75 | 11.3 | 37.75 | 33.00 | 42.00 | 21.00 | 1,819 | 4.56 | 1.06 | 330.2 | 14.5 | 1.40 | 3.8 | ..... | 3 mos. | 03-88 | 97.5 | 8.0 | 1.8 | - 18.2 | .44 | - 18.5 | 97.5 | 8.0 | 1.8 | - 18.2 | .44 | - 18.5 |
| Emhart Corp ..... N | 22.00 | .88 | 4.1 | 22.88 | 20.88 | 26.63 | 15.50 | 14,014 | 2.24 | .64 | 250.0 | 12.4 | .80 | 3.6 | ..... | 3 mos. | 03-88 | 694.5 | 15.3 | 32.6 | 16.4 | .53 | 17.8 | 694.5 | 15.3 | 32.6 | 16.4 | .53 | 17.8 |
| Georgia Pacific ..... N | 42.25 | 2.25 | 5.6 | 42.63 | 39.38 | 48.38 | 22.75 | 24,672 | 2.33 | 1.34 | 73.9 | 9.3 | 1.20 | 2.8 | ..... | 3 mos. | 03-88 | 2115.0 | 14.0 | 106.0 | 32.5 | 1.02 | 43.7 | 2115.0 | 14.0 | 106.0 | 32.5 | 1.02 | 43.7 |
| Insilco Corp ..... N | 20.63 | 1.25 | 6.5 | 20.88 | 19.25 | 28.13 | 14.00 | 4,508 | 2.16 | 1.02 | 111.8 | NE | 1.00 | 4.8 | ..... | 3 mos. | 03-88 | 186.2 | 6.0 | 10.0 | 28.2 | .47 | 27.0 | 186.2 | 6.0 | 10.0 | 28.2 | .47 | 27.0 |
| La Pacific ..... N | 32.75 | 2.13 | 6.9 | 34.50 | 30.50 | 39.75 | 21.50 | 16,712 | 4.36 | 1.27 | 243.3 | 8.1 | .92 | 2.8 | ..... | 3 mos. | 03-88 | 483.0 | 14.2 | 46.5 | 185.3 | 1.21 | 181.4 | 483.0 | 14.2 | 46.5 | 185.3 | 1.21 | 181.4 |
| Macmillan Bloedel ..... M | 16.88 | .63 | 3.8 | 16.88 | 16.13 | 23.50 | 12.00 | 8,016 | .78 | .57 | 36.8 | NA | .85 | NA | ..... | 3 mos. | 03-88 | 796.5 | 10.7 | 91.6 | 51.7 | .85 | 57.4 | 796.5 | 10.7 | 91.6 | 51.7 | .85 | 57.4 |
| Manville Cp ..... N | 2.13 | .00 | .0 | 2.13 | 2.00 | 4.50 | 2.00 | 3,431 | 1.43 | 1.21 | 18.2 | .4 | .00 | .0 | ..... | 3 mos. | 03-88 | 502.2 | 5.7 | 35.7 | - 16.8 | 1.23 | - 19.1 | 502.2 | 5.7 | 35.7 | - 16.8 | 1.23 | - 19.1 |
| Masco Corp ..... N | 29.25 | - .38 | - 1.3 | 30.38 | 27.25 | 39.25 | 18.75 | 33,766 | 2.55 | .98 | 160.2 | 16.0 | .40 | 1.4 | ..... | 3 mos. | 03-88 | 556.0 | 23.6 | 79.6 | 43.4 | .60 | 42.9 | 556.0 | 23.6 | 79.6 | 43.4 | .60 | 42.9 |
| Mor-Flo Inds ..... M | 6.00 | .25 | 4.3 | 6.13 | 5.50 | 12.50 | 5.50 | 127 | .51 | .47 | 8.5 | NE | .01 | .2 | ..... | 3 mos. | 03-88 | 55.4 | - .2 | - .4 | - 100.0 | - .18 | - 100.0 | 55.4 | - .2 | - .4 | - 100.0 | - .18 | - 100.0 |
| Newell Co ..... N | 43.00 | 2.63 | 6.5 | 44.25 | 40.25 | 44.25 | 21.13 | 1,815 | 1.57 | 1.03 | 52.4 | 14.9 | 1.00 | 2.3 | ..... | 3 mos. | 03-88 | 236.2 | 133.2 | 9.9 | 62.3 | .64 | 25.5 | 236.2 | 133.2 | 9.9 | 62.3 | .64 | 25.5 |
| Nortek Inc ..... N | 8.13 | .25 | 3.2 | 8.63 | 7.50 | 14.63 | 5.00 | 6,217 | 4.06 | 1.30 | 212.3 | NE | .10 | 1.2 | ..... | 3 mos. | 03-88 | 337.3 | 16.2 | 2.1 | - 77.2 | .14 | - 75.4 | 337.3 | 16.2 | 2.1 | - 77.2 | .14 | - 75.4 |
| Owens Corn ..... N | 20.63 | 1.00 | 5.1 | 21.25 | 19.50 | 27.00 | 9.00 | 11,605 | 2.90 | 1.49 | 94.6 | 3.9 | .00 | .0 | ..... | 3 mos. | 03-88 | 632.0 | NC | 28.0 | NC | .66 | NC | 632.0 | NC | 28.0 | NC | .66 | NC |
| Ply-Gem ..... A | 14.50 | 1.25 | 9.4 | 14.50 | 13.25 | 17.75 | 9.00 | 1,752 | 1.57 | .75 | 109.3 | 21.6 | .12 | .8 | ..... | 3 mos. | 03-88 | 89.4 | 26.6 | 3.4 | 3.0 | .30 | 3.4 | 89.4 | 26.6 | 3.4 | 3.0 | .30 | 3.4 |
| Pope & Talbot ..... N | 18.50 | - .75 | - 3.9 | 19.50 | 18.13 | 27.25 | 9.75 | 2,720 | 2.28 | 1.04 | 119.2 | 7.6 | .50 | 2.7 | ..... | 3 mos. | 03-88 | 115.7 | 15.4 | 8.0 | 19.4 | .67 | 21.8 | 115.7 | 15.4 | 8.0 | 19.4 | .67 | 21.8 |
| Potlatch Cp ..... N | 31.00 | 1.13 | 3.8 | 31.50 | 29.38 | 39.25 | 21.00 | 3,120 | 1.17 | .58 | 101.7 | 9.0 | .92 | 3.0 | ..... | 3 mos. | 03-88 | 258.2 | 3.9 | 26.5 | 48.9 | .95 | 50.8 | 258.2 | 3.9 | 26.5 | 48.9 | .95 | 50.8 |
| PPG Inds ..... N | 46.13 | 2.75 | 6.3 | 46.88 | 43.50 | 51.25 | 27.50 | 31,505 | 2.64 | .96 | 175.0 | 13.1 | 1.20 | 2.6 | ..... | 3 mos. | 03-88 | 1373.4 | 8.9 | 118.6 | 36.5 | 1.07 | 46.6 | 1373.4 | 8.9 | 118.6 | 36.5 | 1.07 | 46.6 |
| Rep Gypsum ..... N | 5.38 | - .50 | - 8.5 | 5.88 | 5.25 | 8.75 | 4.63 | 734 | .73 | .25 | 192.0 | 25.6 | .36 | 6.7 | ..... | 9 mos. | 03-88 | 11.9 | - 5.6 | .1 | - 80.0 | .01 | - 83.3 | 39.3 | - 9.0 | 1.3 | - 61.8 | .13 | - 60.6 |
| Sherwin-Wms ..... N | 26.88 | - .25 | - .9 | 27.88 | 26.88 | 36.13 | 20.13 | 8,889 | 2.03 | .92 | 120.7 | 12.4 | .64 | 2.4 | ..... | 3 mos. | 03-88 | 412.0 | 8.3 | 8.4 | .0 | .19 | 11.8 | 412.0 | 8.3 | 8.4 | .0 | .19 | 11.8 |
| Stanley Works ..... N | 28.75 | - .25 | - .9 | 29.75 | 27.50 | 36.63 | 21.25 | 6,385 | 1.49 | .64 | 132.8 | 13.8 | .88 | 3.1 | ..... | 3 mos. | 03-88 | 466.3 | 11.9 | 21.3 | 20.3 | .49 | 19.5 | 466.3 | 11.9 | 21.3 | 20.3 | .49 | 19.5 |
| Thos Inds ..... N | 22.88 | 1.00 | 4.6 | 24.50 | 22.13 | 24.50 | 13.81 | 1,776 | 1.69 | .66 | 156.1 | 13.0 | .68b | 3.0 | ..... | 3 mos. | 03-88 | 82.1 | 4.3 | 5.0 | 31.6 | .48 | 33.3 | 82.1 | 4.3 | 5.0 | 31.6 | .48 | 33.3 |
| Triangle Ind ..... N | 31.00 | - .38 | - 1.2 | 31.50 | 30.88 | 44.00 | 22.50 | 9,411 | 4.15 | 1.66 | 150.0 | 14.8 | .12 | .4 | ..... | 3 mos. | 03-88 | 993.6 | 8.9 | 11.3 | 79.4 | .40 | 100.0 | 993.6 | 8.9 | 11.3 | 79.4 | .40 | 100.0 |
| Union Camp ..... N | 37.75 | 2.13 | 6.0 | 38.38 | 35.25 | 47.63 | 26.00 | 19,916 | 2.70 | 1.10 | 145.5 | 11.9 | 1.24 | 3.3 | ..... | 3 mos. | 03-88 | 645.4 | 20.2 | 57.7 | 53.2 | .95 | 58.3 | 645.4 | 20.2 | 57.7 | 53.2 | .95 | 58.3 |
| USG Corp ..... N | 47.88 | 1.25 | 2.7 | 48.13 | 46.88 | 55.88 | 23.50 | 70,670 | 13.69 | 5.60 | 144.5 | 15.5 | 1.12 | 2.3 | ..... | 3 mos. | 03-88 | 715.2 | 3.2 | 39.8 | - 53.2 | .77 | - 53.3 | 715.2 | 3.2 | 39.8 | - 53.2 | .77 | - 53.3 |
| Waxman Ind ..... M | 15.75 | 1.38 | 9.6 | 15.75 | 14.25 | 15.75 | 7.25 | 3,625 | 5.93 | 2.41 | 146.1 | 16.6 | .14 | .9 | ..... | 9 mos. | 03-88 | 38.6 | 24.5 | 1.9 | 111.1 | .30 | 100.0 | 111.5 | 31.6 | 4.7 | 88.0 | .76 | 87.5 |
| Weyerhaeuser ..... N | 27.75 | .63 | 2.3 | 28.75 | 26.63 | 38.34 | 12.69 | 45,187 | 1.47 | .78 | 88.5 | 14.0 | 1.20 | 4.3 | ..... | 3 mos. | 03-88 | 1855.5 | 14.7 | 114.2 | 12.1 | .38 | - 28.0 | 1855.5 | 14.7 | 114.2 | 12.1 | .38 | - 28.0 |

All Data are based on sources believed to be reliable, but its accuracy is not guaranteed. Every effort will be made to correct errors, when discovered, in future issues.

Reporting period
3 mos.—First quarter of fiscal year
6 mos.—First six months of fiscal year
9 mos.—First nine months of fiscal year
Fiscal—Fiscal year
NEW—New report since last issue

Last 52 Weeks

General Field Footnotes
NA—Not available or not applicable
NC—Data required for calculation currently incomplete in our files
NE—Negative earnings invalidate calculations
NM—No meaningful figure
a—Under dividend amount, indicates a stock dividend
b—Indicates cash plus stock dividend when applied to dividend amount column

P/E Ratio—Price/earnings ratio
E.P.S.—Earnings per share
Market
N—New York Stock Exchange
A—American Stock Exchange
O—NASDAQ Over-the-Counter
M—NASDAQ National Market

*Two-week average volume equals the number of shares traded divided by the number of shares outstanding during the latest two-week period. Twelve-week average volume equals the number of shares traded divided by the number of shares outstanding over the previous 12 weeks.

All earnings data and all related calculations using earnings data use primary earnings from total operations and after taxes. Earnings are before extraordinary items, when such items are applicable.

Data and Table Provided by Media General Financial Services Inc., Richmond, Va. 23219

# Dillistin digs in for the long haul in defiance of arsonists

(Continued from page 7)

Defiance is a major ingredient in the comeback of Dillistin Lumber and accounts for its elaborate security measures. Part of the company's ad campaign proclaims: "The fire's out, but Dillistin is still here."

"We have some plans for this company; we do not intend to go anywhere," Fanale said.

The Fanale family bought the century-old company three years ago and has tripled its sales during that time.

But Dillistin Lumber is more complex than a lumberyard. It takes up three blocks on 4.5 acres of land in the heart of what many regard as a tough, inner city neighborhood filled with aging, but salvageable, turn-of-the-century Victorian homes. Much of Dillistin's acreage includes an open, undeveloped tract of land where, as part of its rebuilding, the company erected metal T-sheds for outdoor lumber storage.

Management of the company has become as tough as the city in which it operates in the months since the fire.

"The day after the fire, at 7 a.m., three fully loaded trucks left here for a job," Fanale said. "We did not close the doors, we did not lay anybody off and we continued to meet our orders. That's the kind of commitment to service we're going to continue to keep."

In fact, Fanale now sees the company's recovery and the resurgence of Paterson as one in the same. He steadfastly refuses to throw in the towel and is determined to shape Dillistin into Paterson's premier supplier for both homeowner and contractor.

"Since this Joe Clark thing [the Paterson high school principal whose controversial methods of discipline made national news], Paterson has been nationally recognized as some social service disaster.

"Well, we're about doing something interesting in this city because the city is coming back and we want to be part of that. What it is going to take is a good group of businessmen with a social conscience."

Part of the mix in the new Dillistin is a variety of new service areas and new products. With its showroom now quadrupled in size, Dillistin is moving into products and services that take it beyond a mere old-line lumberyard.

The company has added plumbing, electricals and paint to its product offering and it is also an exclusive dealer of Trus Joist's engineered lumber products, I-beams and MICRO=LAM.

Fanale said he is also flirting with the idea of taking the company into the prehung door and roof truss business.

The new direction in products does not mean that Dillistin wants to change its sales percentage. Fanale said the company is looking to do 10 to 20 percent of its sales with DIYers, 50 to 60 percent with contractor/remodelers and the balance with small home builders.

"Everybody had been great throughout this period, the workers, our suppliers and I can't say enough about Pennsylvania Lumbermen's [Mutual Insurance Co.]."

# Management and Payless pen buyout pact

(Continued from page 1)

shares being tendered. Following the acquisition, PCI would be merged into Payless.

PCI's financing is expected to come from a crazy-quilt of sources. Morgan Guarantee Trust Co. and Canadian Imperial Bank of Commerce are expected to provide a $600 million term loan and $75 million in working capital. BPC Partners—a partnership formed by the general partners of Goldman Sachs (Payless' investment banker and the financial adviser to PCI) and Citibank—is expected to provide a $335 million subordinated bridge loan.

The wild card in the financing is Masco Corporation, whose Masco Capital Corp. is expected to participate in the acquisition through the purchase of $40.6 million of convertible preferred stock and $168.3 million of junior subordinated debentures.

In return, Payless and Masco—best known for its Peerless Faucet line—signed a multiyear supply pact of unspecified length.

Common equity totaling $78.8 million will be provided by participants that include Payless' senior management; H.C. Crown Corp., an affiliate of Kansas City-based Hallmark Cards; Broad Street Investment Fund I; Goldman Sachs; Citicorp Capital Investors and Morgan Capital Investors.

The company expects a "substantial number" of Payless employees to invest in stock options and restricted stock equaling up to 15 percent of Payless' common equity, granted over three years.

"The key people to Payless performance will now have a large equity stake in the company's future," said Stanley in a prepared statement.

A special committee of independent Payless directors approved the agreement on the advice of Alex Brown & Sons that the price would be "fair to shareholders."

Stanley was emphatic that PCI would not parcel off any major part of Payless and foresaw the closing of no more than 10 stores. He did anticipate a "reduction in support staff," but gave no number.

Prior to the definitive agreement, the Edelman group was approaching such chains as Channel, Menard's, Wolohan Lumber and Erb Lumber in an effort to pre-sell parts of Payless in the event it took the company over.

## Index of Companies in This Issue


Ace Hardware ..... 44,52,56
Acme Metal Goods ..... 74
Affordable Furniture ..... 56
All-American ..... 51,56,66
David Allison Corp. ..... 52
American Home Video ..... 5
Andersons General Store ..... 6
B&B Home Supply ..... 5,70
B&C ..... 42
Barney & Carey Lumber ..... 11
Belwood Industries ..... 91
Benchmark ..... 59
Black & Decker ..... 66,72
BMW ..... 11
Boise Cascade ..... 90
Buford White ..... 51,52,91
Builderama ..... 56
Builders Emporium ..... 7,40,56
Builders Square ..... 26,66
Bush Industries ..... 51
CNN ..... 7
California Hardware ..... 66
Cash-Way ..... 5
Celotex ..... 64
Central Hardware ..... 90
Champion ..... 1
Channel Home Centers ..... 1,7,70
Citicorp ..... 91
City Mill ..... 14,80
Clairson International ..... 52
Closet Maid ..... 52
Coldwell Banker McCormack ..... 80
L.G. Cook ..... 91
Cook & Son Ace Hardware ..... 44
CooperTools ..... 90
Cramer Home Centers ..... 90
Credo Company ..... 72
Crest ..... 14
Decatur Hopkins ..... 42
Desoto ..... 82
Diamond Lumber ..... 12
Dillistin Lumber ..... 7,92
Dominion Lumber ..... 44
Dow Chemical ..... 59
Dymark Co. ..... 64
Jack Eckerd ..... 5
Eclipse Industries ..... 5,91
Erb ..... 1
Ernst ..... 7,51,56,66
Fagen's ..... 5
Gee Lumber ..... 1
Gelsha Corp. ..... 72
General Building Products ..... 82
Georgia Pacific ..... 66
Mr. Goodbuys ..... 5
Great Plains Supply ..... 90
Green Forest Lumber ..... 1,91
Grossman's ..... 82
Hale Park Lumber and Millwork ..... 59
Export Hamel International ..... 74
Hancock ..... 64
Handy Andy ..... 7
Handy Dan ..... 7
Handyman ..... 7
Hardware City ..... 11
Hardware Hawaii ..... 80
Hardware Wholesalers Inc. ..... 66
Hayward ..... 1,90
Hechinger ..... 5,6,64,89
Hill Behan ..... 70
Hirsh ..... 52
HomeClub ..... 7
Home Depot ..... 5,7,11,40,59
Home Quarters ..... 89
Homestead Lumber ..... 1
Huttig Sash and Door ..... 5
Island Homes ..... 80
Jeld-Wen ..... 59
W.P. Johnson ..... 56
Kingswood Lumber ..... 7
K mart ..... 51
Knox Lumber ..... 92
Kotex ..... 14
Palmer G. Lewis ..... 5
Lindsley ..... 14
Lord & Taylor ..... 5
Lowe's ..... 7,82
LSI Systems ..... 59
Lumber City ..... 56
Major Building Products ..... 90
Makita ..... 11
Martin Home Centers ..... 91
McDermott Lumber ..... 44
McDonald's ..... 11
McGraw Hill ..... 59
Menard Cashways ..... 1,91
Montgomery Ward ..... 14
National Home Center ..... 91
National Lumber ..... 6,40
National Manufacturing ..... 74
Norton Co. ..... 89
Norton Enterprises ..... 89
OEM Industries ..... 51
Ole's ..... 7
Orchard Supply ..... 1,91
Owens-Corning ..... 7,90
Pacific Engineering ..... 40
Padco ..... 76
Palmer & Palmer ..... 91
Panama Machine ..... 90
Panty Hose ..... 14
Paty Co. ..... 91
Payless Cashways ..... 1,6,7,82,89,92
Payless DIY ..... 42
Pay 'N Pak ..... 66
Pease ..... 59
Pennsylvania Lumbermen's ..... 92
Pergament Home Centers ..... 56
Phifer Wire Products ..... 72
Ply-Gem ..... 82
Quikrete ..... 64
Rickel Home Centers ..... 51,52
Royals Pacific ..... 51
Scotty's ..... 90
Sears ..... 66
Sentry ..... 66
Leo J. Shapiro ..... 14,21,22
Sherwin Williams ..... 72,90
Sherwood Lumber ..... 90
Simplex Building Products ..... 64
Simpson Door ..... 59
Simpson Timber ..... 90
Smucker's ..... 14
Somerville ..... 6,64,92
Soundesign Corp. ..... 51
Spahn & Rose ..... 91
SRY Enterprises ..... 74
Star ..... 90
Supreme Lighting ..... 74
Sutherland ..... 6,92
Texas Homecare ..... 42
Therma-Tru ..... 59
Thermo Ply ..... 64
Thompson & Formby ..... 90
Trade Associates ..... 11
True Value ..... 51,90,91
Trus Joist ..... 92
Universal Security Instruments ..... 76
Valley Lumber ..... 90
Wal-Mart ..... 11,51,52
Waxman ..... 82
Webb Manufacturing ..... 59
Wenco ..... 59
West Building Materials ..... 70
Western Building Products ..... 59
Westlake Hardware ..... 91
Weyerhaeuser ..... 90
Wickes Cos. ..... 40,82,89
Wickes Lumber ..... 14,89
Willamette ..... 1
Williams Lumber ..... 42,44
Windsor Plywood ..... 44
Wolohan ..... 1,5
J.H. Wonderworks ..... 76
Zayre ..... 5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## Index of Advertisers


Andersen ..... 76
Add-Ventures ..... 76
Advo-System ..... 67
Air Vent ..... 40
Arrow Fastener ..... 8
Bemis Mfg. ..... 12
Century Industries ..... 76
Cole Sewell ..... 8
Crawford Products ..... 32
Croft Metals ..... 29
Design House ..... 92
DG Mouldings ..... 81
Diamond F ..... 55
Domtar Gypsum ..... 28,29
Durasco Power Tools ..... 16
Dutch Boy ..... 24,25
Dyna/Energy ..... 89
Eagle Electric ..... 41
Emco ..... 48
Fluidmaster ..... 31
Forman Industries ..... 11
General Electric ..... 37
General Marble ..... 11
Gerard Metal Crafts ..... 80
Glidden ..... 46,49
GTE Sylvania ..... 38,39
Handy Store Fixtures ..... 12
House of Fara ..... 76
Index Measuring Tape ..... 76
Joanna ..... 83
Keller Industries ..... 84
Kenney Window Fashions ..... 78
Keystone Franklin ..... 18
Keystone Steel & Wire ..... 56
Klean Strip ..... 64
Klumb ..... 12
Knauf Fiberglass ..... 68
Lane Publications ..... 92
Lehigh Group ..... 27
Leviton Mfg. ..... 47
Loctite ..... 45
Macco Adhesives ..... 33
Magic American ..... 66
Makita U.S.A. ..... 11
Manville ..... 35,36,37
Merillat ..... 94
Myro ..... 30
National Mfg. ..... 37
National Store Fixtures ..... 8
Newborn Bros. ..... 11
Panasonic ..... 50
Plumb Shop ..... 43
Price Pfister ..... 15
Rainbird ..... 37
Sentry Group ..... 32
Sequentia ..... 8
Spe Faucet ..... 32
Square D ..... 53
Stanley Door ..... 57
Sturdi-Craft ..... 73
Tatung ..... 44
Teco ..... 8
Titan Sales ..... 56
Universal-Rundle ..... 34
Utility Trailers ..... 52
VSI Hardware ..... 75
W.W. Henry ..... 12
Waxman Industries ..... 13
Weiser Lock ..... 17
Weyerhaeuser Distribution ..... 58,59
Weyerhaeuser Wood ..... 2,3,4
Whittier Wood Products ..... 84
Z-Brick ..... 66


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National
# Home Center News®

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## British firm denies reports that it wants to buy Payless

By Gary S. Ruderman

KANSAS CITY, Mo. — Ward White plc, the British holding company that operates Payless DIY, the United Kingdom's third largest DIY chain, has denied published reports that it is interested in acquiring 200-store Payless Cashways based here.

Ward White already owns Whitlock, a Chicago-based auto parts retailer, and it has a stake in Wiener Enterprises, which owns Builderama, the 11-store home center operation in Savannah, Ga. The company has expressed a desire to increase its U.S. interests.

However, Ward White spokesman David Bick said the company never approached Payless Cashways about an acquisition. Ward White, he charged, was instead "used as a whipping boy" to keep interest brewing in Payless.

"Payless Cashways, through an investment banker,

(Continued on page 97)

## Williams Bros. puts retail lumber division on block

*By an NHCN staff editor*

ATLANTA — The retail lumber division of Williams Brothers, the nine-unit contractor chain here, will be up for sale within the next month to six weeks, the company reported.

John Bourdeaux, president of Blue Circle Holdings, an international concrete manufacturer that is Williams Brothers' parent company, said the division will be sold because it did not fit in with the overall strategic plans of the owners.

He said the decision to sell the division was made in late June.

(Continued on page 98)

*Williams Brothers plans to sell its nine-unit contractor chain in the next four to six weeks. Pictured is the Marietta, Ga., unit.* NHCN photo

## Yard King liquidates citing lack of financing, stock market crash

By Milford Prewitt

MARGATE, Fla. — The lack of financing to expand, problems with zoning boards and the collapse of the Stock Market caused the demise of what once promised to be a major warehouse lawn and garden retail chain.

Yard King Warehouse here, which opened four stores and had a grand vision of operating 25 units by 1990, quietly filed for Chapter 7 in January, under which its executives have liquidated the operation.

Its cofounders, president Jack Getzinger and executive vp John Tilton, struggled un-

(Continued on page 97)

*John Tilton (l), executive vp and Jack Getzinger (r), president of Yard King Warehouse cited lack of financing as one of the reasons behind the company's liquidation.* NHCN photo

## Westlake cuts staff at Florida franchise; division pres. resigns

*By an NHCN staff editor*

MIAMI — Lone Star Hardware, the franchise operation of Lenexa, Kan.-based Westlake Hardware, has made major staff reductions in its Florida operation in response to poor earnings peformance.

Lone Star president Tom Seifert resigned July 8. He joined the company in 1983 when it was known as Lindsley and owned by Evans Products.

During his tenture, the company's merchandise orientation changed as often as its ownership—from home center to a decorator center to hardware.

Seifert's departure, less than a year after the purchase by Westlake in October 1987, was simultaneous with a staff consolidation that reduced administrative staff to 55 from 83.

The 22-unit Florida operation lost seven purchasing officials, a number of divisional managers and Martin Amici,

(Continued on page 97)

## Dealers hinge hopes on door and window departments

By Edward McKinley

NATIONAL REPORT — A competitor's radio commercial planted the seed of an idea in Bruce Meltzer's mind.

"I heard an ad for Rickel advertising 'the floor store,'" said Meltzer, president of the nine-store General Building Products chain based in Medford, N.Y.

Meltzer adapted that idea of a specialized department by pulling together doors and windows. He went a step farther by assigning a staff millwork specialist to each store.

He thus became one of a number of home center operators now combining doors and windows to create a "store within a store" that can rival the specialty shops for big-ticket millwork sales.

Key elements of the new departments include knowledgeable sales help and attractive displays, both important factors in selling consumers and contractors alike.

Industry observers said independent home centers and lumberyards—usually with heavy commitments to contractor business—have led the way in merchandising millwork.

Meltzer, for example, is giving his 1,200-square-foot departments a "store within a store" identity by advertising doors and windows together, never in an ad for other products, Meltzer said.

The category warrants attention, Meltzer said, because, "We believe that windows and doors are a big-ticket item."

On New York's affluent Long Island, typical window and door packages for an entire house range from $4,000 to $8,000, he said.

Most important, Meltzer said the departmental approach helps his people sell the big packages.

The departments have

(Continued on page 94)

## INSIDE

**The Great Backyard**

Homeowners are flocking to home centers' lawn and garden departments as deck building, gardening and landscaping become increasingly popular. The category has posted robust sales figures over the past two years. Total lawn and garden sales rose a full 23 percent in 1987 to $17.5 billion, which is even more impressive given the 18 percent sales jump in 1986.

## NEWSBREAKS

**BUILDERS SQ. ENTERS NEW ENGLAND:** Builders Square will open its first New England store, in Dartmouth, Mass., on July 28. This will be followed shortly by the openings of stores in Orange, Conn., and Farmington, Conn., in mid-August, according to local store personnel. All three stores are sited in converted K mart stores and [illegible]rage 100,000 square feet. The Dartmou[illegible] situated on Faunce Corner Road, is abou[illegible]mile from a future Somerville Lumber store.